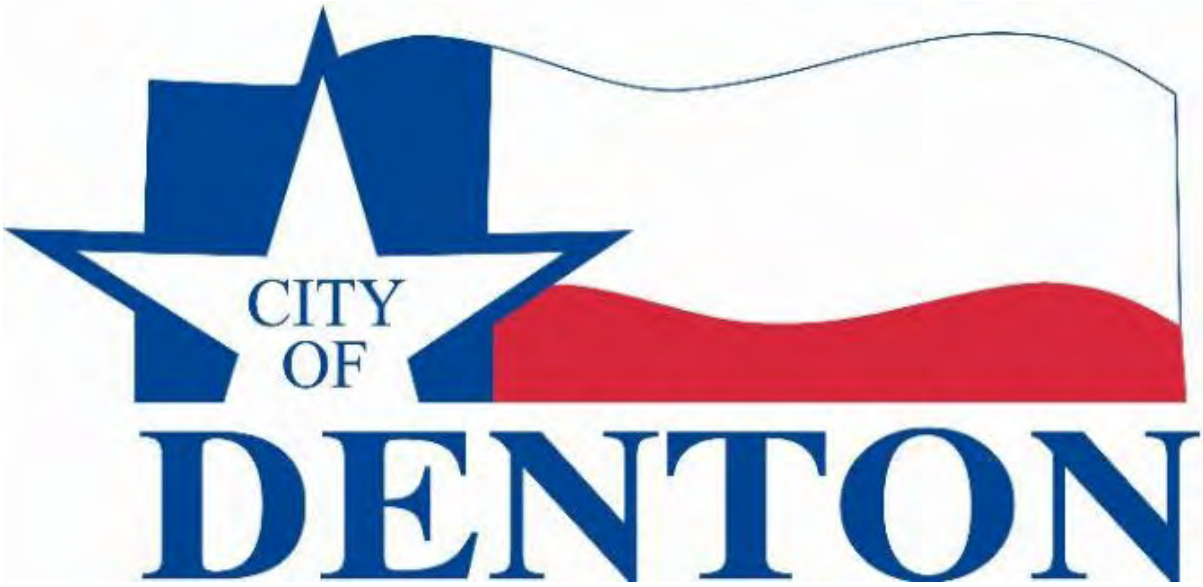
CITY OF DENTON

WORKING TOGETHER

City of Denton, TX
Annual Comprehensive Financial Report
Fiscal Year Ending September 30, 2023


CITY
OF
DENTON

CITY OF DENTON CORE VALUES

Inclusion
Creating an environment where individuals and groups are valued, respected, and supported.

Collaboration
Listening, being open-minded and forward-thinking, while working together towards a collective goal.

Quality Service
Anticipating, recognizing, and proactively addressing the needs of those we serve.

Strategic Focus
Always thinking with the future in mind.

Fiscal Responsibility
Ensuring financial sustainability through the responsible use of City resources.

CITY OF DENTON

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CITY OF DENTON, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended September 30, 2023

CITY MANAGER

Sara Hensley

ASSISTANT CITY MANAGER
Cassandra Ogden

Prepared by:

Jessica Williams, MPA, CPFO
Chief Financial Officer

Edward Amoah
Assistant Controller

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Controller

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Assistant Controller

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Accountant

Tonia Lynch
Accountant

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Accountant

Vis Bouaphanthavong, CPA
Assistant Finance Director

Randee Klingele
Treasury Manager

City of Denton, Texas
Annual Comprehensive Financial Report
For Year Ended September 30, 2023

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Comprehensive Annual Comprehensive Financial Report
For Year Ended September 30, 2023

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Finance Department
215 E. McKinney St., Denton, TX 76201 • (940) 349-8531

March 12, 2024

The Honorable Mayor, Members of the City Council and Citizens
City of Denton
Denton, Texas

It is with great pleasure that we present to you a copy of the Annual Comprehensive Financial Report (ACFR) of the City of Denton (the City) for the fiscal year ended September 30, 2023. The purpose of the report is to provide the City Council, management, citizens, and other interested parties with detailed information concerning the City's financial condition.

THE REPORT

The Texas Local Government Code (§ 103.001) requires an annual audit for municipalities. In addition, the City Charter (Section 2.13) requires a Certified Public Accountant who, as of the end of the fiscal year, shall make an "independent audit of accounts" and prepare a report to the City Council and the City Manager. This document fulfills the above-mentioned requirements, and the independent auditor's opinion is included in the report for the fiscal year ended September 30, 2023.

The ACFR is presented in three main sections: Introductory, Financial, and Statistical. The Introductory Section includes this transmittal letter, the City's organizational chart, and a list of principal officials. The Financial Section includes the Management's Discussion and Analysis (MD&A), Basic Financial Statements, Required Supplementary Information, Combining and Individual Fund Financial Statements, along with the independent auditors' report. The Statistical Section and Other Supplementary Information include selected financial and demographic information, generally presented on a multi-year basis.

The responsibility for both the accuracy of the presented information and the completeness and fairness of the presentation of the data, including all disclosures, rests with the City, and is based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the results of our operations in each of the various funds reported by the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The accounting firm of Weaver and Tidwell, LLP. has issued an unmodified opinion on the City of Denton's financial statements for the period ended September 30, 2023. As a recipient of federal and state grant awards, a separate audit is prepared to meet the requirements of the Single Audit Act Amendments of 1996 and related Uniform Guidance. As a part of the City's single audit, tests are conducted to determine that the City has complied with applicable laws and regulations related to federal awards.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

CITY OF DENTON PROFILE

Denton distinguishes itself from other cities in North Texas through its vibrant arts and culture scene, robust university partnerships, dynamic community collaborations, and commitment to 100% renewable energy. Originally incorporated on September 26, 1866, Denton has evolved from a serene college town on the outskirts of the Dallas-Fort Worth metroplex into one of the fastest-growing cities in the United States, with a current

population of approximately 150,000. This figure is projected to reach 229,192 by 2040, according to U.S. Census Bureau forecasts. Denton combines a reverence for its history with an eagerness to innovate. The City of Denton is in the northern portion of the Dallas/Fort Worth Consolidated Metropolitan Statistical Area (CMSA). The City is a part of the Dallas/Fort Worth Metroplex and is situated at the apex of a triangle based by Dallas (37 miles to the southeast) and Fort Worth (35 miles to the southwest) providing excellent access to and from all parts of the area. The heart of the city's urban core is anchored by a vibrant cultural arts district within Downtown Denton as well as three university campuses. The community is also recognized for its commitment to sustainability and environmental stewardship, in addition to its focus on health and wellness, highlighted by over 5,000 acres of parkland, more than 60 hiking trails, and numerous recreational facilities.

CITY SERVICES AND ORGANIZATION OF THE GOVERNMENT

The City is a home rule city and operates under the Council-Manager form of government. The elected seven-member council consists of a Mayor and six Council Members. The Mayor and two Council Members are elected at large, while the remaining representatives are elected from single member districts. The City Council enacts local laws, determines policy, and adopts the annual budget, and the City Manager is the chief executive officer for the City.

The City provides a full range of general government services to its citizens including: public safety (police and fire protection); public works (construction and maintenance of highways, streets and infrastructure); parks and recreation; library; planning and zoning; economic development; and general administrative services. The City's enterprise fund operations consist of a utility system, solid waste, and airport operations. The City's utility system provides electric, water, and wastewater services.

The internal service operations consist of Materials Management, Fleet Services, Risk Retention, Health Insurance, Engineering Services, Technology Services, Customer Service, and Facilities funds. The Materials Management Fund accounts for the financing of Warehouse and Purchasing services which are provided to other City departments. The Fleet Services Fund accounts for the financing of goods and services provided by the municipal garage to other departments within the City. The Risk Retention Fund accounts for the accumulation of resources for the payment of workers' compensation, general liability claims, and insurance policies. The Health Insurance Fund accounts for administration of the self-insurance program for health coverage in the City. The Engineering Services Fund accounts for the provision of internal engineering services to various City operations and capital projects. The Technology Services Fund provides support for the various information and computer systems within the City. The Customer Service Fund accounts for the financing of customer service activities provided to the residents and businesses of the City on behalf of other departments within the City. The Facilities Management Fund is responsible for maintaining all city-owned facilities and vertical construction projects. The financial statements presented include all government activities, organizations, and functions for which the City is financially accountable as defined by the Governmental Accounting Standards Board (GASB).

LOCAL ECONOMY

As the Dallas Ft. Worth Metroplex continues to grow, the City of Denton is seeing increased growth. In Fiscal year 2022-23, the City continued to see an increase in development and economic activity, resulting in strong property tax collection, sales tax collection, and an increase in return on investment (ROI) revenue from city utilities. Greater than one-third of the total General Fund revenue is generated from ad valorem taxes. As shown below, the 2023 certified value increased by 15.05% or $2,522,956,725 (excluding TIRZ) from the 2022 certified value. Analysis of the increase shows there was approximately $1.02 billion in new value added to the appraisal roll due to new growth and construction. The City received a certified total from the Denton County Appraisal District (DCAD) with only 1.3% of properties still under protest. The low amount of protested value helps create more certainty in the revenue forecast. Below is a chart with a detailed breakdown of certified values:

	2022 Certified Total AV	2023 Certified Total AV	Increase (Decrease)	Percent Change	New Value
General Government	$16,764,866,572	$19,287,823,297	$2,522,956,725	15.05%	$1,023,634,611
Downtown TIRZ[1]	$154,545,050	$164,000,321	$9,455,271	6.12%	$838,845
Westpark TIRZ[2]	$109,275,972	$157,617,172	$48,341,200	44.24%	$28,435,571
Total	$17,028,687,594	$19,609,440,790	$2,580,753,196	15.16%	$1,052,909,027

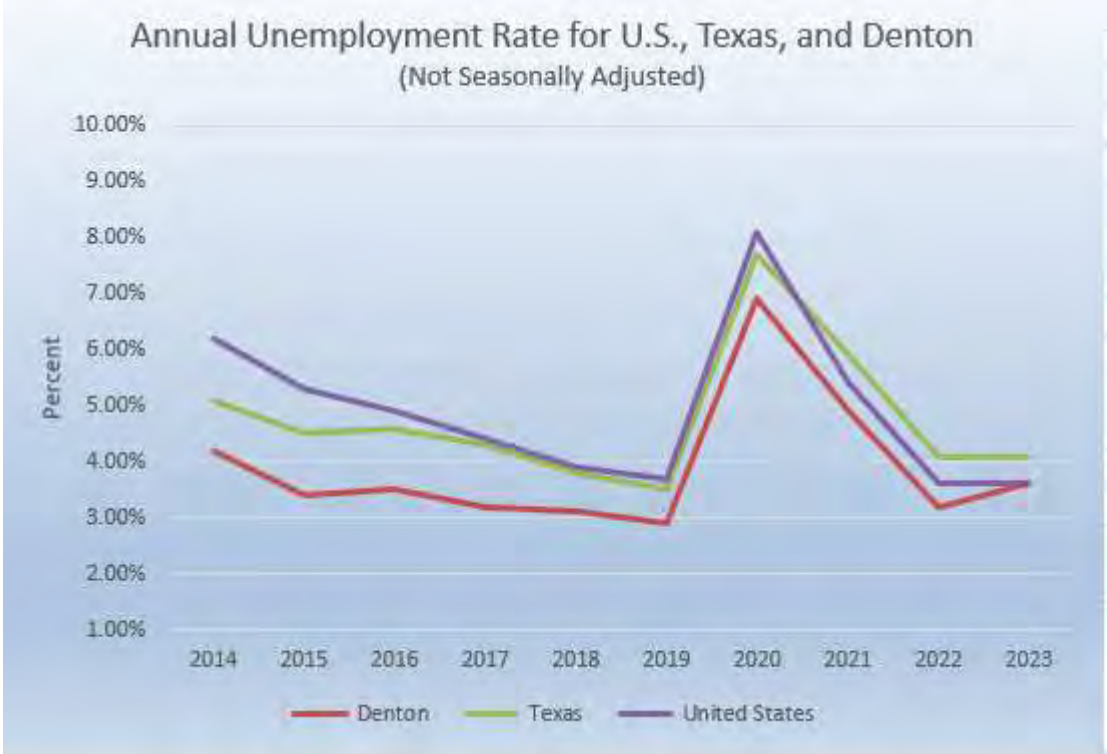
[1] Downtown TIRZ – Reflects 90% of incremental value which changed in FY 2023 per Ordinance No. 2010-316.
[2] Westpark TIRZ – Reflects 40% of incremental value through FY 2037 per Ordinance No. 2013-033.

Sales tax represents approximately 34.86% of overall revenue in the General Fund, sales tax is a significant revenue source that is dependent upon a variety of economic factors. For FY 2022-23, total sales tax revenues equaled $55,906,340 which is $2,641,616 or 5.0%, more than the prior year collections of $53,264,724. The anticipated FY 2023-24 collections total $57,545,000 which is 1.50% above the FY 2022-23 estimated collection. The chart below illustrates collections over the prior ten-year period with an estimate of collection in FY 2023-24.

From a budgetary basis, the General Fund received $173.7 million in revenue and incurred $174.4 million in expenses resulting in a change in fund balance of $0.7 million.

The City of Denton's not seasonally adjusted annual unemployment average rate remains below state and on par with national levels at an average 3.6 percent in 2023 which has slightly increased compared to 3.2 percent average in FY2021-2022. The City of Denton issued 2,203 residential, commercial, multi-family building permits for FY2022-23, with an estimated value of $1,352 million (excluding City building, County buildings, schools, and churches). This compares to a total of 2,818 issued for FY2021-22 with an estimated value of $1,392 million. The overall permit numbers were down; primarily in single family residential, however values remain consistent due to an increase in multifamily housing.

The following two charts highlight the strength of the local economy over the last ten years by displaying the City of Denton's unemployment rate compared to Texas and the United States and the taxable property values per capita in the City of Denton.



https://data.bls.gov/timeseries/LNS14000000
https://texaslmi.com/
Accessed 2-15-24

Fiscal year 2022-23 the City continued to see indicators of a strong economic and development activity. Listed below are just a few of the highlights:

- The Rayzor Ranch mixed-use development is located on both the north and south sides of US Highway 380 in Denton. Rayzor Ranch Marketplace, on the north side of the development, has constructed over 500,000 square feet of retail and commercial space. Sam's Club and Wal-Mart anchor the development that includes Ulta Beauty, Starwood Cafe and Hanasato Sushi, as recent tenant additions. Home Depot is also under construction in the Marketplace. The Town Center also includes the Embassy Suites Hotel and Convention Center described in more detail below. In addition, a new 300-unit multifamily project, the Village at Rayzor Ranch, opened in late 2019, and construction began in 2020 and opened in 2021, on the Residences at Rayzor Ranch, a 40-acre site that will include 215 town homes,65 single family homes and 31 single-family homes. They began leasing three and four bedroom town homes this past summer. Cava Mezze Grill and Growler Bar are new restaurant tenants at the Town Center. Recent developments include an At Home and a future 148,000 square foot and $22.7 million Target store.
- O'Reilly Hotel Partners Denton (OHPD) opened the 70,000-square-foot Convention Center, 318-room LEED Gold Certified Embassy Suites Hotel and Houlihan's restaurant project in January 2018. The property was designated as a "2019 AAA Inspector's Best of Housekeeping Hotel," which ranks the hotel in the top 25% of 27,000 inspected hotels. In 2019, Hilton Worldwide recognized the Embassy Suites Denton Hotel and Convention Center as the #1 in Brand 2019 Connie Award winner, the highest distinction across all 17 Hilton Worldwide brands and the 258 eligible properties. As a major anchor for the Rayzor Ranch Town Center, the project capitalizes on the shopping, entertainment, and restaurants located nearby. The privately managed convention center is also expected to expand the City's convention business and overall tourism industry.
- Denton continued to see positive growth in the tech industry in FY 2022-23. Denton's coworking space and entrepreneur center, Stoke Denton, continues to serve as a training and mentorship hub. Stoke and Texas Woman's University (TWU) Center for Women Entrepreneurs (CWE) launched an incubator program, AccelerateHER. They accepted 8 entrepreneurs into the fourth round of the program who will participate in 5 months of workshops, mentorship and coaching to help support and grow their businesses. Twenty-six new members joined toke in 2022-2023 including 8 from the AccelerateHER cohort. Stoke hosted a Startup Crawl; Big Ideas Creative Mixer; the second and expanded Denton Pitch Competition and Expo; and the Flint Conference at Sunago Bell.
- Infill development in the downtown core includes a 60-80-unit multi-family development located in the current parking lot at 216 W. Mulberry Street. The project will utilize part of the former DATCU drive through. Lang Partners is developing the Railyard mixed-use Transit Oriented Development (TOD) near the Denton County Transit Authority (DCTA) station and former Trinity Industries site. The Railyard will include over 700 multi-family units that will occur over three phases of development. These projects will act as catalysts for future infill and TOD in Downtown Denton.
- A number of projects, which will total over 3 million square feet, are currently underway in the Westpark Tax Increment Reinvestment Zone (TIRZ) and industrial area.
  - Ironwood Realty Partners and Scannell Properties have partnered on an industrial project, Denton Crossing @ I-35, which will house approximately 1.2 million square feet of industrial speculative space along Western Boulevard. There will be a total of four buildings upon completion. Buildings 1 and 2 will have just under 700,000 square feet. Building 2 has completed construction. Building 3 is currently under construction and will comprise up to 398,000. Building 4 has been constructed and has 127,000 square feet of warehouse space. Elite Materials Logistics plans to occupy a building in phase 2 of the development.
  - Cowboy Distribution, a warehouse/distribution center facility on 10 acres north of Jim Christal Road and east of N. Western Boulevard, is in the platting stage.
  - Exeter has completed a building comprising 649,000 square feet, where W. Oak Street and Jim Christal meet, that will be the newest distribution center for Lowe's Home Improvement. Exeter is also constructing three buildings at the northeast corner of Western Blvd. and Jim Christal.

Construction has been competed for Building 3. The square footage of these buildings are 324,000 square feet, 421,000 square feet, and 1,076,000 square feet.

- Hunt Southwest is developing 23-acre site on S. Western Boulevard at Jim Christal Road at the I-35 Convergence. It is planned to have 250,080 square feet of warehouse space with a proposed build-to-suit on seven of the acres, for a 227,420 square foot building.
- Westpark Industrial, a 16-acre parcel, will include two speculative buildings at just over 100,000 square feet each. 251 N Western.
- Denton Point is comprised of two buildings totaling 242,320 square feet. Building 2 is a 130,000 SF facility located along Western Boulevard. Denton Point is a rail-served development for manufacturing and supply chain uses. Westcore, based in San Diego, purchased Denton Point for $32 million. Denton 1 is occupied by a shipping and logistics operation, DHL.Westpark Industrial is located on a 15-acre parcel on S. Western Boulevard, south of the Tyson plat, that is divided into two sites that each have speculative buildings at totaling 242,378 square feet.

FINANCIAL INFORMATION AND FINANCIAL POLICY

The City's financial direction begins with the City's Charter, which is the basis for all financial policies the City implements. The City maintains financial policies for general operations, which include policies for financial management and fund balances, budget compliance, debt issuance and management, accounts payable, water service, and purchasing, among others.

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the liability is incurred. Proprietary (including Internal Service Funds) operations are maintained on a full accrual basis.

The City's Annual Operating Budget is proposed by the City Manager and approved by the City Council following public discussion. The City's Charter requires adoption of the City's budget by no later than September 30th. The budget structure is organized by funds. Normally, funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The two types of funds utilized in the budget are Governmental and Proprietary (including Internal Service Funds). Budgetary control is maintained at the fund level by the Finance Department. All legally required funds are budgeted annually. The specific funds that make up the Governmental Fund type are General Fund, General Debt Service Fund, Street Improvement Fund, Tourist and Convention Fund, Police Confiscation Fund, Catalyst Fund (formerly Economic Development Investment Fund)*, Parks Gas Well Fund, Roadway Impact Fee Fund, Tree Mitigation Fund, Public Education Government (PEG) Fund, McKenna Trust Fund, Park Land Dedication and Development Trust Funds, Downtown Tax Increment Reinvestment Zone (TIRZ) Fund, Westpark Tax Increment Reinvestment Zone (TIRZ) Fund, Miscellaneous Special Revenue Funds, and Sustainability Framework Fund. The Proprietary Fund types are Electric Fund, Water Fund, Wastewater Fund, Solid Waste Fund, Customer Service Fund, Airport Fund, Technology Services Fund, Materials Management Fund, Fleet Management Fund, Health Insurance Fund, Risk Retention Fund, Engineering Services Fund and Facilities Management.

LONG-TERM FINANCIAL PLANNING

In conjunction with this document, interested parties are encouraged to read the City of Denton's FY 2023-24 Annual Budget document. This document details the City's strategic plan, long-term financial policies, program accomplishments, and other key initiatives. The document also includes the long-term financial forecasts for each of the major funds, and a summary of the assumptions that are included in these plans. In addition, the budget document provides an overview of the adopted Capital Improvement Program and planned future debt issuances. The Annual Budget can be accessed through the City's web site at www.cityofdenton.com and selecting Financial Transparency under the "Open Government" link.

RELEVANT FINANCIAL POLICIES

The City of Denton maintains reserve balances for emergencies. In the General Fund, the target reserve level is a minimum of 20% of budgeted expenditures with an additional 5% resiliency reserve for a combined total of 25% to provide stability and flexibility for the organization. As described in the accompanying ACFR document, the unassigned fund balance is $44.6 million, or 24.2%, of the budgeted General Fund expenditures for the fiscal year ended September 30, 2023.

Beginning in FY 2011-12, the City adopted a policy which requires a minimum ending working capital balance (current assets minus current liabilities) of at least 8% of budgeted expenditures for the Electric, Water, Wastewater and Solid Waste Funds. If the working capital level should fall below the desired minimum, the City will implement necessary corrective action with a five-year plan to restore the working capital balance to 8% of budgeted expenditures.

Additionally, rate reserve levels were established for the Electric, Water, Wastewater, and Solid Waste Funds in FY 2011-12 according to the unique operational aspects of each utility. The rate reserve levels were most recently revised in FY 2020-21 based on the factors of revenue stability, expense and demand volatility, infrastructure age, debt levels and management plans for the use of these reserves. The rate reserve level is established at a range of 38% to 61% of expenses for the Electric Fund, at a range of 20% to 31% of expenses for the Wastewater Fund, at a range of 25% to 42% of expenses for the Water Fund, and at a range of 6% to 10% of expenses for the Solid Waste Fund. If the rate reserve level falls below the range, the City will implement the necessary corrective action within a five-year plan to restore the balances to the levels outlined above.

The City of Denton has adopted an Investment Policy which guides the investment of all City funds. In accordance with State law, the policy is reviewed annually by the City Council to ensure that public funds are being invested in a conservative and prudent fashion. In addition, the City also annually reviews and approves a Debt Management policy. The purpose of this policy is to provide general guidelines regarding the issuance of City debt and the use and limitation of such debt. The City complied with all aspects of the Investment and Debt Management policies during FY 2022-23.

MAJOR INITIATIVES

The City's Strategic Plan and Council specifically identified improving facility infrastructure as a major goal. In response to this goal, the FY 2023-24 Budget includes additional issuance of General Obligation Bonds. This increase in funding shows the City's continued commitment to facility infrastructure and equipment funding.

The combination of increased operating funding along with the issuance of debt shows the strong commitment to improving our infrastructure. In the future, the City staff will continue efforts to identify additional funding for facility infrastructure and equipment funding activities along with potential future debt issuances for street reconstruction to continue to improve the condition of the City's streets over the long term.

AWARDS AND ACKOWLEDGEMENTS

The Government Finance Officers' Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2022, for the thirty-seventh consecutive year. To be awarded the Certificate of Achievement in Financial Reporting, the City must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report satisfies both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is held for a period of one year only. We believe our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The City also received the GFOA award for Distinguished Budget Presentation for its fiscal year 2022-23 Annual Budget for the thirty-sixth consecutive year. To qualify for the Distinguished Budget Presentation Award, the City's budget document was judged according to its compliance with specific guidelines established by GFOA. These guidelines help ensure that Denton's budget is distinguished as an operations guide, financial plan, policy document, and communications device. The City has submitted its fiscal year 2023-24 Annual Budget to GFOA to determine its eligibility for another certificate. We believe it continues to meet the Distinguished Budget Presentation Award criteria.

The City received a Certificate of Distinction from the Government Treasurers of Texas (GTOT). The distinction was received for developing an investment policy that meets the requirements of the Public Funds Investment Act and the standards for prudent public investing as established by the GTOT. The GTOT awards an estimated 38 distinctions annually, which the City has received seven times since 1999.

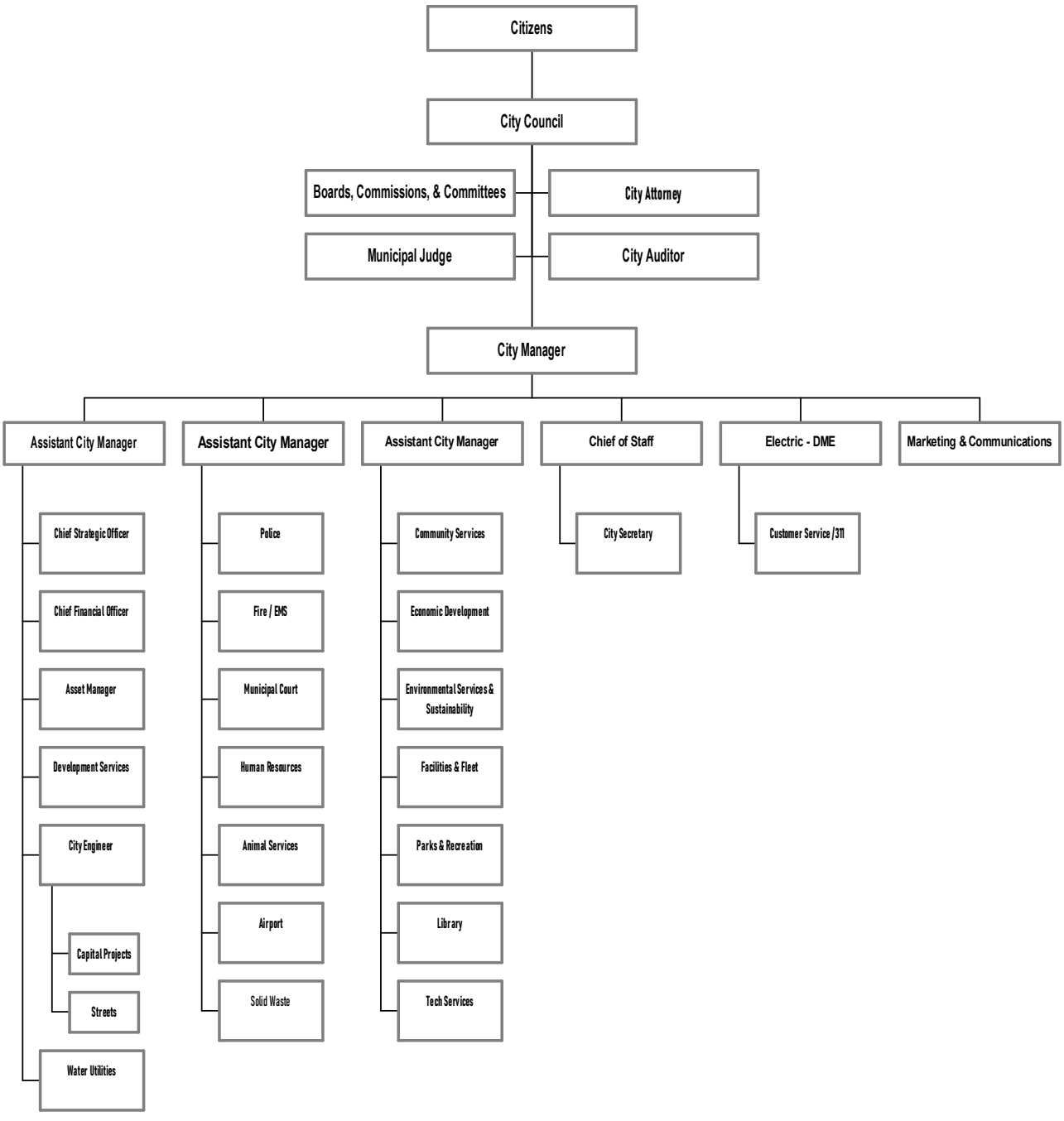
In 2023, City of Denton was awarded the Five Transparency Stars by the Texas Comptroller, which recognizes cities, counties, special purpose districts and school districts to provide easy online access to important financial data. The City of Denton is only one of 14 local government in Texas to receive all five transparency stars. Transparency Stars are granted and maintained on an ongoing basis.

We would like to thank the City Council for their strong leadership and support that helped make the presentation of this report possible. We would also like to thank the City Manager, Finance staff, department directors, division heads and especially the Accounting Division staff for their diligent efforts in the preparation of the annual financial report.

Cassandra Ogden
Assistant City Manager

Jessica Williams
Chief Financial Officer, MPA, CPFO

ORGANIZATIONAL CHART



Organizational Chart Effective February 22, 2024

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Denton
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Executive Director/CEO

CITY OF DENTON, TEXAS

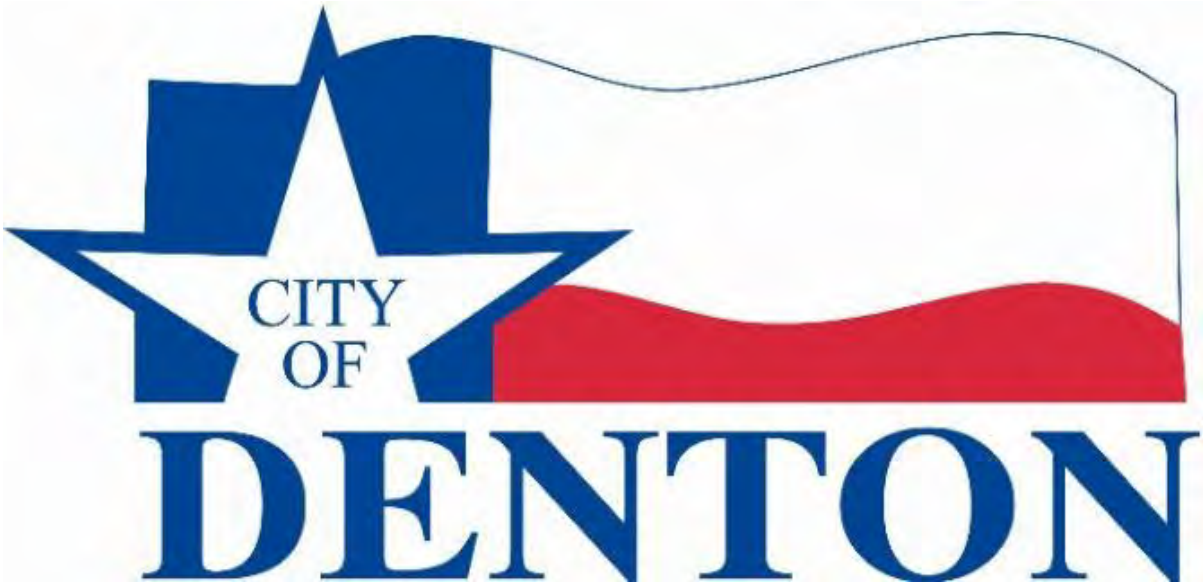
List of Principal Officials

ELECTED OFFICIALS

Title	Name
Mayor	Gerard Hudspeth
Councilmember, District 1	Vicki Byrd
Mayor Pro Tem, District 2	Brian Beck
Councilmember, District 3	Paul Meltzer
Councilmember, District 4	Joe Holland
Councilmember, At-Large Place 5	Brandon McGee
Councilmember, At-Large Place 6	Chris Watts

CITY OFFICIALS

Title	Name
City Manager	Sara Hensley
Assistant City Manager	Cassandra Ogden
Assistant City Manager	Frank Dixon
Assistant City Manager	Christine Taylor
City Attorney	Mack Reinwand
Municipal Judge	C. Tyler Atkinson
City Auditor	Madison Rorschach
City Secretary, Interim	Jesse Salazar


CITY
OF
DENTON

Independent Auditor's Report

To the Honorable Mayor
and Members of the City Council of the
City of Denton, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Denton, Texas (City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note I(18) to the basic financial statements, during the year ended September 30, 2023, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

The Honorable Mayor and
Members of the City Council of the
City of Denton, Texas

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Honorable Mayor and
Members of the City Council of the
City of Denton, Texas

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

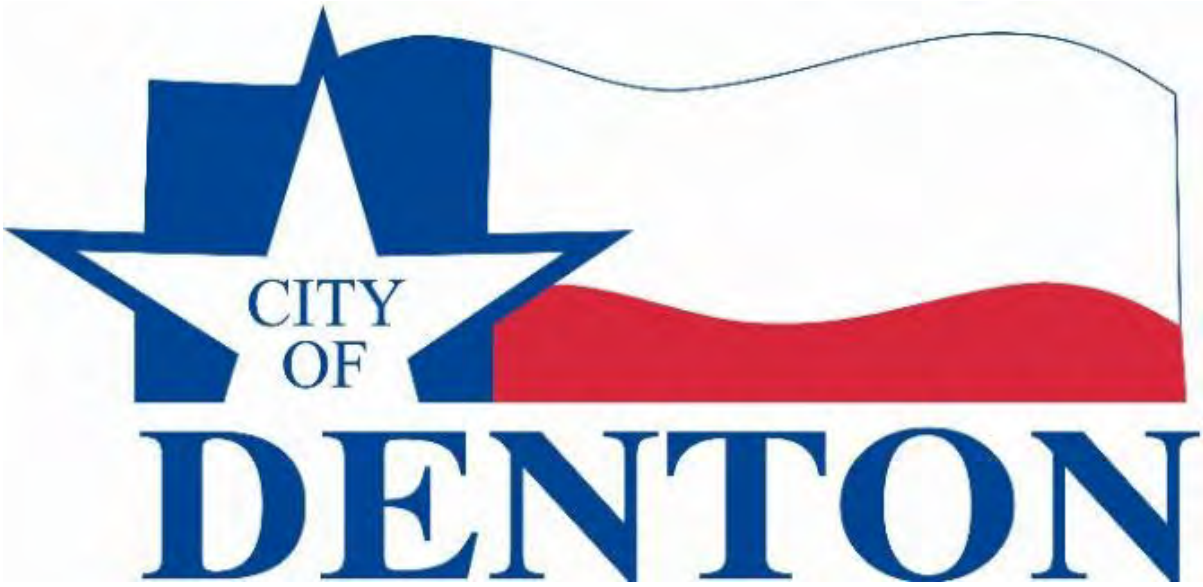
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 12, 2024


CITY
OF
DENTON

Introduction

The Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

This narrative should be read in conjunction with the transmittal letter at the beginning of the report and the financial statements following this section.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2023 by $1,549,081,740 (net position), an increase of 5.16 percent from prior year net position. Of this amount, $195,199,155 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Net Pension Liability of the City is $137,889,556, as compared to $42,110,536 for the year ended September 30, 2022. Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions,* requires the City to report its net pension liability for participation in Texas Municipal Retirement System (TMRS) of the total Net Pensions Liability reported by the TMRS. As a result of recording the increase in the City's portion of net pension liability of $95,779,020, a decrease in deferred pension inflows of $49,630,391, and an increase in deferred pension outflows of $40,721,220.
- Governmental activities general and transfer revenues were $212,974,156 as compared to $185,360,068 for the year ended September 30, 2022. The increase of $27,614,088 is primarily driven by an increase in investment income, sales tax revenues, property tax, and franchise fees. Business-type activity general revenues and transfers were positive $13,372,331 compared to negative $3,268,523 for the year ended September 30, 2022. The increase is primarily driven by investment revenue.
- Governmental funds reported combined ending fund balances of $253,289,181 as of September 30, 2023 which is an increase of $15,228,014 from fiscal year 2021-2022 ending fund balance total of $238,061,167.
- The City's primary General Fund resources are property taxes, sales tax, and franchise fees. These combined resources account for 88.3 percent of total General Fund revenues which decreased 3.93 percent compared to last year's results.
- The City's long-term liabilities outstanding increased by $218,536,143 in fiscal year 2022-2023. The increase is primarily attributable to an increase of $109,886,602 of Certificates of Obligation and General Obligations Bonds Payable and the increase in net pension liability described above.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis is intended to serve as an introduction to the City of Denton's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, liabilities, deferred inflows, and deferred outflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are considered regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used vacation leave). Both the statement of net position and the statement of activities are prepared using the accrual basis of accounting as opposed to the modified accrual basis.

In the Statement of Net Position and the Statement of Activities, the City is divided between two kinds of activities:

- **Governmental activities**. Most of the City's basic services are reported here, including police, fire, libraries, development, public services and operations, public works, building inspection, technology services and general administration. Property taxes, sales taxes, and franchise fees finance most of these activities.
- **Business-type activities**. The City charges a fee to customers to cover the cost of services it provides. The City's utility systems (electric, water and wastewater), solid waste, and airport activities are reported here.

Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law or bond covenants. However, the City Council establishes many other funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other monies. The following illustration summarizes the major features the City's financial statements. The City of Denton's funds are categorized as governmental, proprietary funds or fiduciary funds.

- **Governmental funds**. The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

  The City of Denton maintains thirteen governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund, capital projects fund, and ARPA fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for eight of these non-major governmental funds, along with an aggregate of all other governmental funds, is provided in the form of combining statements elsewhere in this report.

- **Proprietary funds**. The City charges customers for certain services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Activities. The City's enterprise funds are similar to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows. The City's internal service funds are used to accumulate and allocate costs internally among the City of Denton's various functions. Both enterprise funds and internal service funds are components of proprietary funds.

The City of Denton maintains five enterprise funds. The City uses enterprise funds to account for its electric, water, wastewater, solid waste, and airport operations. The individual funds provide the same type of information as the government-wide financial statements only in more detail. The City considers all enterprise funds to be major funds.

The City of Denton maintains eight internal service funds. The City uses internal service funds to account for materials management, fleet services, health insurance, risk retention, technology services, engineering services, customer service, and facilities management. Because these services benefit both governmental and business-type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

Notes to the financial statements.
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information.
The combining nonmajor fund statements and individual fund schedules are presented immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As of September 30, 2023, the City's combined net position was $1,549,081,740 of which $446,287,278 can be attributed to governmental activities and $1,102,794,462 attributed to business-type activities. This analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

The largest portion of the City's net position (78.5%) reflects its investment in capital assets (e.g., land, building, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
Net Position
(in thousands)

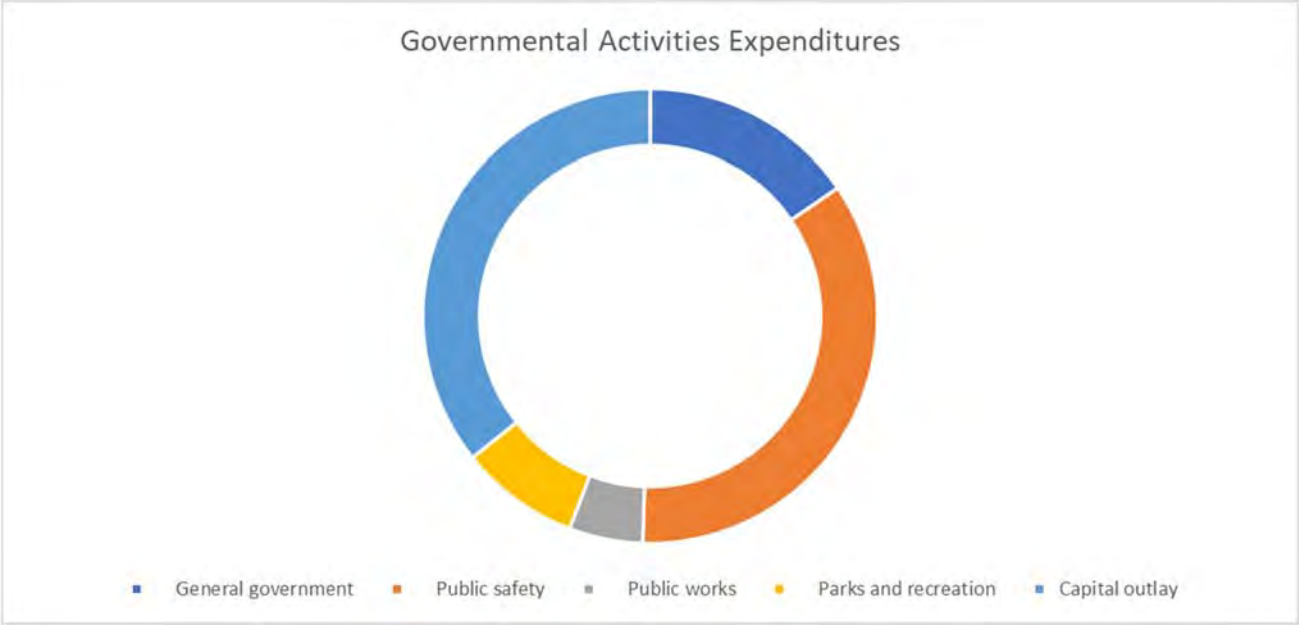
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	$ 359,378	$ 362,233	$ 719,477	$ 709,978	$ 1,078,855	$ 1,072,211
Capital assets, net of accumulated depreciation/amortization	706,397	624,510	1,567,873	1,441,274	2,274,269	2,065,784
Total assets	1,065,775	986,743	2,287,350	2,151,252	3,353,124	3,137,995
Deferred outflows of resources	59,533	33,111	24,657	11,800	84,190	44,911
Long-term liabilities outstanding	579,628	465,067	1,152,527	1,048,553	1,732,155	1,513,620
Other liabilities	87,896	104,658	48,810	32,694	136,706	137,352
Total liabilities	667,524	569,725	1,201,337	1,081,247	1,868,861	1,650,972
Deferred inflows of resources	11,497	43,036	7,874	15,892	19,371	58,928
Net position:						
Net investment in capital assets	394,899	368,485	820,951	773,134	1,215,850	1,141,619
Restricted	42,216	35,793	95,817	73,714	138,033	109,507
Unrestricted	9,172	2,815	186,027	219,065	195,199	221,880
Total net position	$ 446,287	$ 407,093	$ 1,102,795	$ 1,065,913	$ 1,549,082	$ 1,473,006

Governmental activities increased the City's net position by $39,194,017. Business-type activities increased the City's net position by $36,881,172. The key elements of these increases are contained in Table 2.

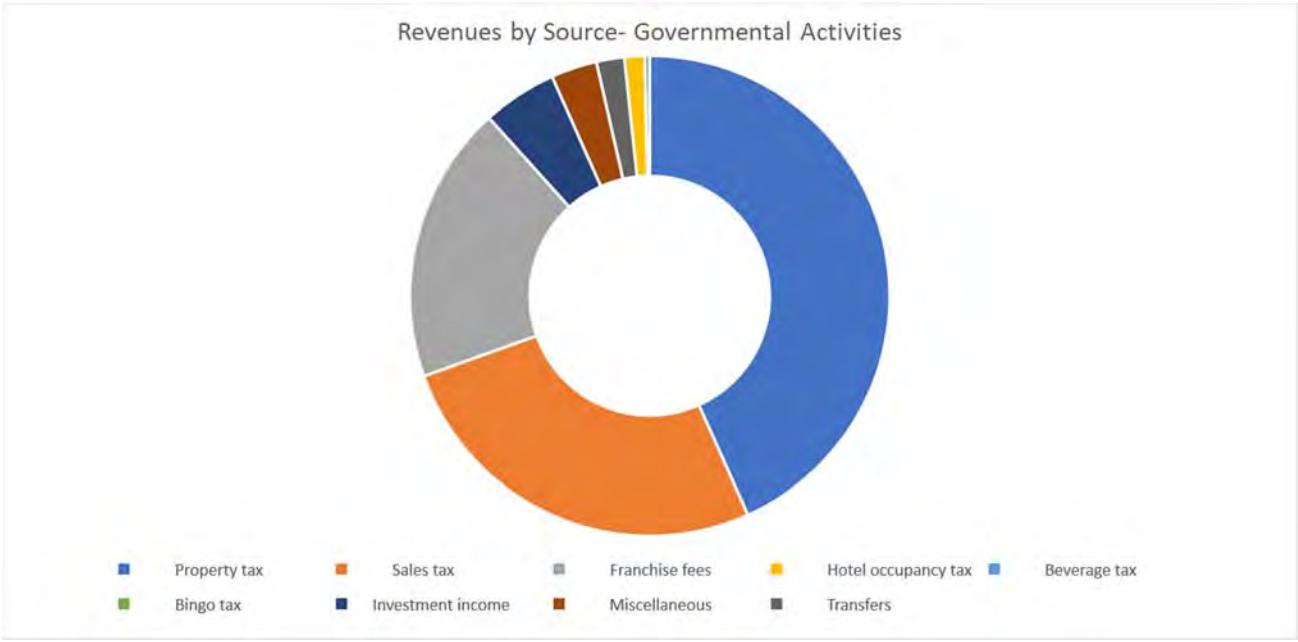
Table 2
Changes in Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for services	$ 23,704	$ 25,204	$ 483,377	$ 449,116	$ 507,081	$ 474,320
Operating grants and contributions	10,624	9,545	-	-	10,624	9,545
Capital grants and contributions	27,352	34,407	28,043	52,663	55,395	87,070
General Revenues:						-
Property tax	92,186	79,553	-	-	92,186	79,553
Sales tax	55,906	53,265	-	-	55,906	53,265
Franchise tax	39,963	38,132	-	-	39,963	38,132
Hotel occupancy tax	2,895	3,684	-	-	2,895	3,684
Beverage tax	707	671	-	-	707	671
Bingo tax	17	15	-	-	17	15
Investment income (loss)	11,030	(973)	17,370	(647)	28,400	(1,620)
Gain on sale of capital assets	-	565	19	292	19	857
Miscellaneous	6,252	7,534	-	-	6,252	7,534
Total revenues	270,636	251,602	528,809	501,424	799,445	753,026
Expenses:						
General government	53,383	40,370	-	-	53,383	40,370
Public safety	104,695	87,971	-	-	104,695	87,971
Public works	39,087	25,489	-	-	39,087	25,489
Parks and recreation	28,096	22,787	-	-	28,096	22,787
Interest on long-term debt	10,198	8,572	-	-	10,198	8,572
Electric	-	-	364,624	270,422	364,624	270,422
Water	-	-	41,006	35,892	41,006	35,892
Wastewater	-	-	41,810	36,814	41,810	36,814
Solid waste	-	-	38,049	34,117	38,049	34,117
Airport	-	-	2,421	2,437	2,421	2,437
Total expenses	235,459	185,189	487,910	379,682	723,369	564,871
Increase in net position before transfers	35,177	66,413	40,899	121,742	76,076	188,155
Transfers	4,017	2,914	(4,017)	(2,914)	-	-
Increase in net position	39,194	69,327	36,882	118,828	76,076	188,155
Net position at beginning of year	407,093	337,766	1,065,913	947,085	1,473,006	1,284,851
Net position at end of year	$ 446,287	$ 407,093	$ 1,102,795	$ 1,065,913	$ 1,549,082	$ 1,473,006

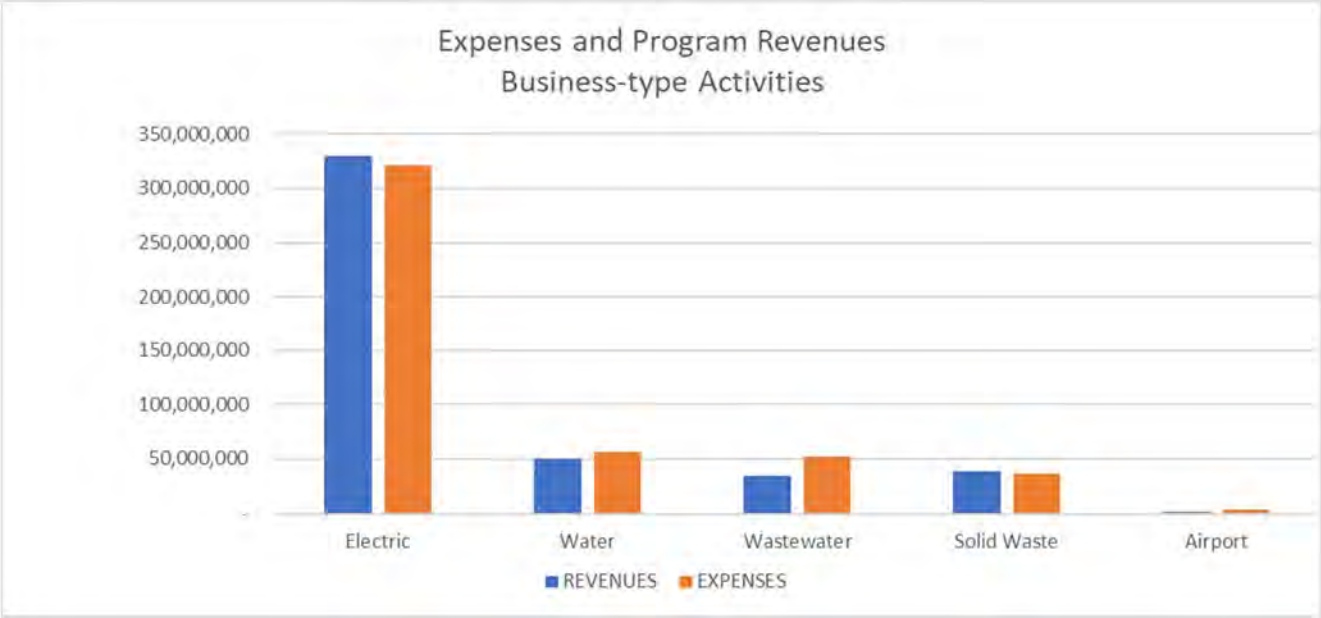
Governmental activities. Expenses for governmental activities reflect an increase of $50.3 million over the prior year. Increases include $13.0 million in General Government, $16.7 million for Public Safety, $13.6 million in Public Works, and $5.3 million for Parks and Recreation. The most significant governmental activities expense was in providing public safety, which incurred expenses of $104,695,335. The largest expense for public safety is the cost of personnel, which totaled $80,687,030. Last year the City added 32.0 new positions in public safety including 15.0 in the police department and 15.0 in the fire department.



Governmental expenses were funded by revenues collected from a variety of sources, with the largest being from property taxes, which are $92,185,668 for the fiscal year ended September 30, 2023. Governmental activities program revenues decreased $7.5 million over the prior year. Charges for Services decreased $1.5 million from general government and parks and recreation. Capital grants and contributions decreased $7.1 million from contributed asset revenues and American Rescue Plan Act (ARPA) funding for public works transportation and general government projects were completed. Operating grants and contributions increased $1.1 million from funding for public safety and parks and recreation. Governmental activities general revenues included an increase of $12.6 million for property tax due to rising values and new construction. Sales tax increased $2.6 million due to population and business growth. Investment income increased $12.0 million due to rising interest rates. Transfers reflect a net $4.0 million transfer in for governmental activities for the current year.



Business-type activities. Business-type activities increased the City's net position by $36,881,172. This accounts for 48.67% of the growth in the entity-wide net position. Total utility service revenues increased by $39.7 million. Electric charges for services increased by $39.0 million mainly due to an increase in Core Scientific revenues. No rate adjustments for electric, however there were various increases in water, wastewater, and solid waste rates through existing rates and additions of new rates in FY22-23. Water charges for services increased by $0.8 million as compared to the service charges from prior year. Wastewater charges increased $1.2 million compared to the prior year. Solid Waste charges for service provided a decreased of $1.5 million compared to the prior year. Airport charges for goods and services increased by $0.3 million. Water and Wastewater collected $15.8 million and $12.5 million in impact fees, respectively, reflecting a $1.5 million decrease over the prior year. Capital contributions reflected a decrease of $24.6 million from the prior year, 65.6% of this decrease relates to a year over year change in Wastewater utilities. The Airport gas well revenues contributed an additional $0.4 million revenue, a decrease of $0.6 million from the prior year. Gas well revenues continue to decline as many wells in the City are being systematically plugged. Total enterprise funds operating costs, before depreciation, increased $86.3 million. Electric operating costs, before depreciation, account for 78.4 percent of total enterprise fund expenses. Cost increases include purchase power costs of $69.4 million from the prior year. Expenses for personnel services and administrative costs increased by $4.0 million. Water expenses increased $4.3 million from the prior year, due to an increase in materials and supplies by 27 percent and administrative costs by 17 percent from prior year. Wastewater expenses increased $4.6 million, due to an increase in personnel and administrative costs. Solid Waste expenses increased $3.7 million from the prior year, due to increased personnel services of $2.3 million.



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources available to spend. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $253.3 million, an increase of $15.2 million in comparison with the prior year. $44.2 million constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the

fund balance has been classified to indicate that it is not available for new spending because it has already been classified as restricted ($152.7 million), committed ($30.3 million), and assigned ($26.1 million).

The General Fund is the chief operating fund of the City. At September 30, 2023, the unassigned fund balance of the General Fund was $44.6 million, or 24.2% of budgeted general fund expenditures. Revenues were $14.7 million higher compared to the previous year primarily due to increases in taxes of $11.5 million, investment revenues of $2.7 million, and franchise fees of $2.9 million. Licenses and permits decreased $3.0 million. The net change in General Fund expenditures was $19.5 million higher compared to the previous year primarily due to increased costs related to personnel services and operations. Personnel costs increased $11.1 million over the prior year which includes a 4% cost of living adjustment (COLA). Public safety increased $9.6 million over the prior year due to the addition of 15.0 in the police department and 15.0 in the fire department.

At the end of the fiscal year, the Capital Projects Fund has a total fund balance of $160.8 million, an increase of $12.2 million. The total fund balance is made up of $125.9 million in restricted funds, $8.9 million in committed funds, and $26.1 million in assigned funds, all for capital construction and acquisition. In 2023, the City received $60.1 million of proceeds from the issuance of debt and recognized $14.0 million current year of regional toll revenues from the Texas Department of Transportation, while expending $96.5 million on construction and acquisition. In addition, the capital projects fund received $21.8 million of transfers from other funding sources. The City also received approximately $8.5 million in developer's contributed capital recorded in the government-wide financial statements. This is $12.9 million less than in the prior year.

The Debt Service Fund has a total fund balance of $1.1 million, all of which is restricted for the payment of debt service. As compared with the prior year results, the overall decrease in the debt service fund balance of $1.3 million. An increase of $3.0 million in tax revenue was offset by an increase of $2.9 million in principal and interest costs.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at September 30, 2023 in proprietary funds are $83.4 million for Electric, $52.7 million for Water, $35.5 million for Wastewater, $10.6 million for Solid Waste, and $2.8 million for the Airport fund. The results reflect decreases of the unrestricted net position in the Electric Fund of $34.9 million, Wastewater of $4.1 million, partially offset by increases in the Water fund of $5.4 million, Solid Waste fund of $3.4 million, and Airport fund of $0.1 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Denton's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During fiscal year 2023, one formal amendment to adjust the City of Denton's Annual Program of Services was approved by Council. Council approved funding to provide for additional improvements and other administrative expenses. The additional funds increased the General Fund by $1.1 million for an additional 10 FTEs for police and planning departments.

GENERAL FUND BUDGET TO ACTUAL HIGHLIGHT

For fiscal year 2023, General Fund actual expenditures (including transfers) on a budgetary basis were $174.4 million compared to the final budget of $184.0 million. The $9.6 million favorable variance was primarily due to a one-time expense transfer savings of $13.9 million which partially offset increased costs of personnel services of $1.6 million and interfund-transfers and $4.7 million.

Actual revenues for the General Fund (including transfers and sale of capital asset) on a budgetary basis were $173.7 million compared to the final budget of $182.9 million. Included in the $9.2 million unfavorable revenue

variance was $14.5 million of transfers, $2.8 million of decreases in license and permits, $0.4 million of decreases in fines and forfeitures, and $1.5 million of decreases in intergovernmental revenue. These unfavorable variances were offset by increases of $5.2 million in franchise fees, $2.4 million in investment revenue, and $1.0 million in taxes.

The City of Denton's General Fund unassigned fund balance at September 30, 2023 is $44.6 million, or 24.2% of budgeted expenditures. Below is a listing of the ending unassigned balances for the prior year, as well as the fiscal year 2023 unassigned fund balance.

	Actual 9/30/2023	Actual 9/30/2022
Unassigned balance	$44,600,382	$45,459,406
% of final budgeted expenditures	24.2%	29.7%
Policy level	20% plus up to a 5% resiliency reserve	20% plus up to a 5% resiliency reserve

The largest revenue source of the General Fund's budget was the ad valorem tax. Denton's ad valorem tax rate is comprised of two components. The first is the operations and maintenance component that is used to calculate revenue for the City's General Fund operations. The second component is the debt portion that is used to calculate revenue to pay the City's general debt service obligations. The Denton Central Appraisal District's certified appraisal roll shows an increase of 15.0% compared to the prior year certified value, which showed an increase of 7.9%. The current property tax year included $1.0 billion of new growth and construction that was added to the tax rolls in Tax year 2022 as compared to Tax year 2021. The fiscal year 2023 ad valorem tax rate remained the same compared to fiscal year 2022 at $0.560682 per $100 of valuation.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. At the end of fiscal year 2023, the City had $2.3 billion invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, electrical infrastructure, water and sewer lines, SBITA assets and lease assets (see Table 3 below). This amount represents a net increase (including additions and deductions) of $208.5 million or 10.1% over the prior fiscal year.

Table 3
Capital Assets at Year-end
(Net of Accumulated Depreciation/Amortization, in Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	$ 47,479	$ 30,865	$ 88,227	$ 76,044	$ 135,706	$ 106,909
Landfill improvements	-	-	2,358	3,855	2,358	3,855
Building and improvements	77,722	65,785	26,674	27,478	104,395	93,263
Plant, machinery and equipment	57,142	50,169	602,846	601,460	659,988	651,629
Water rights	-	-	45,957	46,653	45,957	46,653
Infrastructure	192,063	147,420	488,876	460,293	680,939	607,713
SBITA assets	8,950	-	3,032	-	11,982	-
Lease assets	244	-	-	-	244	-
Construction in progress	322,796	330,271	309,904	225,491	632,700	555,762
Total capital assets	$ 706,396	$ 624,510	$ 1,567,873	$ 1,441,274	$ 2,274,269	$ 2,065,784

This year's major asset additions included:

Description	Amount
Mayhill Phase 3	58,135,305
Police Substation & Firing Range	24,543,987
Locust-Hickory Transmission Line	15,822,787
Pecan Creek Tributary 4 at Locust & Highland	4,948,127
40 Acre Land Purchase	4,381,219
Magnolia Drainage Phase 2	4,256,602
Eagle Substation	3,831,801
Hickory Creek Lift	3,763,210
Gas Header Perimeter Road	3,695,794
Athletic Field Lighting	2,912,469
Pecan Creek Tributary 4	4,994,353
Stuart Ridge Phase 2	2,439,923
Laney Property Addition	2,410,560
Eagle Drive Drainage Phase 2	2,329,008
Country Lakes North Phase 6	2,034,705
	140,499,850

Additional information on the City's capital assets can be found in note IV. D. of this report.

Debt. At year-end, the City had $1,398.3 million in bonds and notes outstanding as compared to $1,293.3 million at the end of the prior fiscal year, an increase of 8.1%, as shown in Table 4.

Table 4
Outstanding Debt at Year-end
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
General obligation bonds	$ 258,005	$ 236,288	$ 111,900	$ 99,072	$ 369,905	$ 335,360
Certificates of obligation	134,630	118,055	573,285	506,945	707,915	625,000
Revenue bonds	-	-	320,520	332,955	320,520	332,955
Total	$ 392,635	$ 354,343	$1,005,705	$ 938,972	$ 1,398,340	$1,293,315

These amounts do not include net unamortized premiums/(discounts) of $87,550,894 nor net deferred gain/(loss) on refunding of $23,732.

During the fiscal year, the City issued two types of debt, both in July 2023. The first debt issuance included $72.6 million in general obligation refunding bonds of which $32.1 million was for business-type activities. Of this amount, $31.2 million was issued to pay the costs of bond election capital improvements for streets in the Capital Projects fund. The remaining $41.4 million was issued to refund outstanding debt obligations. The second debt issuance included $149.1 million ($118.0 million of which is included as part of business-type activities) in certificates of obligation. The debt was issued to pay the costs of various capital improvements in the Capital Projects Fund $29.8 million, the Electric Fund $68.3 million, the Water Fund $19.6 million, the Wastewater Fund $15.3 million, the Solid Waste Fund $14.8 million, the Fleet Fund $1.2 million and the Technology Fund $150 thousand.

Standard and Poor's Corporation has given both the City's General Obligation Bonds and Certificates of Obligation an "AA+" rating. Standard and Poor's Corporation has given the City's Utility System Revenue Bonds a rating of "A+". Fitch has given the City's General Obligation Bonds and the Certificates of Obligation a rating of "AA+." Fitch has given the City's Utility System Revenue Bonds a rating of "A". The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of tax-supported debt to certified assessed value of all taxable property is 2.9%.

Other long-term liabilities. The City maintains a self-insurance program for property, excess flood (for specific properties), general liability and excess general liability, aviation ground operations liability, auto liability and physical damage, public officials' liability, professional liability for EMT operations, employment practices liability, law enforcement professional liability, cyber, commercial crime, and workers' compensation. Private insurance companies cover claims for property loss on a per occurrence basis, except for specific perils, with deductibles that vary depending on location and property values, for workers' compensation losses over $1,000,000 per occurrence, and general liability over $500,000 per occurrence. The Risk Retention Fund has a reserve for claims and judgments of $4.9 million outstanding at year-end. Other obligations include pension liabilities, accrued vacation pay, and sick leave. More detailed information about the City's long-term liabilities is presented in Note IV. F.

The City's Electric Fund has a liability set up for claims and judgements of $2.7 million outstanding at year-end. More detailed information on this long-term liability can be found in note V.G. of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

While growth for the Denton community is expected to be moderate in the short term, demand for city services are expected to remain strong over the long term. As a result, the Budget had no tax rate increase, maintaining the City's current rate of $0.560682 per $100 valuation. While sales tax collections increased $2.6 million compared to the prior fiscal year $7.9 million increase, 2024 Budget projects an increase of 1.5% from actual fiscal year 2023 sales tax revenue. Budgeted funding enhancements for fiscal year 2024 include $4.9 million for general fund departments. The fiscal year 2024 Budget included 27 approved supplements for additional staff, increase in operating contracts and capital.

The unemployment rate for the City was 4.0 percent on September 30, 2023 compared to 3.2 percent as of September 30, 2022.

The fiscal year 2024 budget includes no rate changes for water, solid waste, or electric. Wastewater rates are to increase 11% to fund critical infrastructure required by growth and development.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Denton Finance Department, 215 E. McKinney, Denton, Texas 76201.

CITY OF DENTON, TEXAS **Exhibit I**
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash, cash equivalents and investments, at fair value	$ 120,335,984	$ 151,209,900	$ 271,545,884
Receivables, net of allowances:			
Taxes	10,670,310	-	10,670,310
Accounts	-	22,067,176	22,067,176
Unbilled utility service	-	17,917,273	17,917,273
Interest	610,849	768,685	1,379,534
Other	3,488,134	10,125,949	13,614,083
Internal balances	(17,810,876)	17,926,309	115,433
Due from other governments	4,908,666	-	4,908,666
Inventory	17,995,493	-	17,995,493
Prepaid items	3,064	62,852,670	62,855,734
Other assets	-	142,260,039	142,260,039
Restricted assets:			
Cash, cash equivalents and investments, at fair value	217,139,479	292,379,571	509,519,050
Escrow deposits	204,000	-	204,000
Taxes	682,480	-	682,480
Accrued interest	1,058,651	1,486,335	2,544,986
Other receivables	91,991	13,180	105,171
Debt issuance costs - insurance	-	470,345	470,345
SBITA assets, net of accumulated amortization	8,950,445	3,031,667	11,982,112
Lease assets, net of accumulated amortization	244,437	-	244,437
Capital assets not being depreciated	370,274,508	398,131,010	768,405,518
Capital assets, net of accumulated depreciation	326,927,311	1,166,710,105	1,493,637,416
Total assets	1,065,774,926	2,287,350,214	3,353,125,140
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refundings	228,768	1,007,830	1,236,598
Deferred pension balances	54,831,948	21,475,988	76,307,936
Deferred other post-employment benefit balances	4,472,057	2,172,779	6,644,836
Total deferred outflows of resources	59,532,773	24,656,597	84,189,370
LIABILITIES:			
Accounts payable	14,181,377	11,894,681	26,076,058
Retainage payable	96,204	391,488	487,692
Deposits	549,917	11,028,685	11,578,602
Accrued interest	87,445	-	87,445
Due to other governments	-	-	-
Other liabilities	923,925	-	923,925
Unearned revenue	45,856,762	-	45,856,762
Payable from restricted assets:			
Accounts payable	14,339,252	12,069,094	26,408,346
Retainage payable	9,766,769	5,253,861	15,020,630
Accrued interest	2,094,552	8,171,889	10,266,441
Noncurrent liabilities:			
Noncurrent liabilities due within one year	42,140,422	60,021,713	102,162,135
Noncurrent liabilities due in more than one year	537,487,278	1,092,506,726	1,629,994,004
Total liabilities	667,523,903	1,201,338,137	1,868,862,040
DEFERRED INFLOWS OF RESOURCES:			
Deferred lease revenues	1,214,933	2,001,723	3,216,656
Deferred gain on refundings	-	1,260,330	1,260,330
Deferred pension balances	375,549	-	375,549
Deferred other post-employment benefit balances	9,906,036	4,612,159	14,518,195
Total deferred inflows of resources	11,496,518	7,874,212	19,370,730
NET POSITION:			
Net investment in capital assets	394,899,297	820,950,533	1,215,849,830
Restricted for:			
Debt service	-	15,734,523	15,734,523
Parks and recreation	11,845,587	-	11,845,587
Capital acquisition	25,373,436	80,082,564	105,456,000
Other grants and purposes	4,996,645	-	4,996,645
Unrestricted	9,172,313	186,026,842	195,199,155
Total net position	$ 446,287,278	$ 1,102,794,462	$ 1,549,081,740

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit II**
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary government:				
Governmental activities:				
General government	**53,383,319**	**9,008,753**	**5,299,256**	**2,420,321**
Public safety	**104,695,335**	**6,364,307**	**4,290,490**	**477,616**
Public works	**39,086,849**	**784,136**	**-**	**24,576,372**
Parks and recreation	**28,096,065**	**7,547,307**	**1,033,800**	**(122,503)**
Interest expense	**10,198,425**	**-**	**-**	**-**
Total governmental activities	**235,459,993**	**23,704,503**	**10,623,546**	**27,351,806**
Business-type activities:				
Electric system	**364,624,498**	**329,513,796**	**-**	**495,060**
Water system	**41,005,645**	**65,514,614**	**-**	**7,311,818**
Wastewater system	**41,810,385**	**47,276,024**	**-**	**19,257,307**
Solid waste	**38,049,052**	**39,176,607**	**-**	**-**
Airport	**2,421,380**	**1,896,148**	**-**	**978,427**
Total business-type activities	**487,910,960**	**483,377,189**	**-**	**28,042,612**
Total primary government	**723,370,953**	**507,081,692**	**10,623,546**	**55,394,418**

(continued on the following page)

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit II**
STATEMENT OF ACTIVITIES (concluded)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
Functions/Programs	**Governmental Activities**	**Business-type Activities**	**Total**
Primary government:			
Governmental activities:			
General government	**(36,654,989)**	**-**	**(36,654,989)**
Public safety	**(93,562,922)**	**-**	**(93,562,922)**
Public works	**(13,726,341)**	**-**	**(13,726,341)**
Parks and recreation	**(19,637,461)**	**-**	**(19,637,461)**
Interest expense	**(10,198,425)**	**-**	**(10,198,425)**
Total governmental activities	**(173,780,138)**	**-**	**(173,780,138)**
Business-type activities:			
Electric system	**-**	**(34,615,642)**	**(34,615,642)**
Water system	**-**	**31,820,787**	**31,820,787**
Wastewater system	**-**	**24,722,946**	**24,722,946**
Solid waste	**-**	**1,127,555**	**1,127,555**
Airport	**-**	**453,195**	**453,195**
Total business-type activities	**-**	**23,508,841**	**23,508,841**
Total primary government	**(173,780,138)**	**23,508,841**	**(150,271,297)**
General revenues:			
Taxes:			
Property tax	**92,185,668**	**-**	**92,185,668**
Sales tax	**55,906,340**	**-**	**55,906,340**
Franchise fees	**39,963,334**	**-**	**39,963,334**
Hotel occupancy tax	**2,894,816**	**-**	**2,894,816**
Beverage tax	**707,315**	**-**	**707,315**
Bingo tax	**16,581**	**-**	**16,581**
Investment income	**11,029,848**	**17,370,180**	**28,400,028**
Gain on sale of capital assets	**-**	**19,166**	**19,166**
Miscellaneous	**6,253,238**	**-**	**6,253,238**
Transfers	**4,017,015**	**(4,017,015)**	**-**
Total general revenues and transfers	**212,974,155**	**13,372,331**	**226,346,486**
Change in net position	**39,194,017**	**36,881,172**	**76,075,189**
Net position at beginning of year	**407,093,261**	**1,065,913,290**	**1,473,006,551**
Net position at end of year	**446,287,278**	**1,102,794,462**	**1,549,081,740**

The notes to the basic financial statements are an integral part of this statement. **(concluded)**

CITY OF DENTON, TEXAS **Exhibit III**
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash, cash equivalents and investments, at fair value	$ 38,643,912	$ 1,097,793	$ 219,094,055	$ 10,794,790	$ 46,392,296	$ 316,022,846
Receivables, net of allowances for uncollectibles:						
Taxes	10,670,310	375,834	-	-	306,646	11,352,790
Accrued interest	198,376	5,581	1,113,782	9,744	234,947	1,562,430
Other	1,923,866	-	-	-	118,250	2,042,116
Interfund receivables	1,913,464	-	-	-	-	1,913,464
Due from other governments	2,121,889	-	667,315	-	2,119,462	4,908,666
Total assets	$ 55,471,817	$ 1,479,208	$ 220,875,152	$ 10,804,534	$ 49,171,601	$ 337,802,312
LIABILITIES:						
Accounts payable	6,858,050	-	14,616,336	95,464	983,679	22,553,529
Retainage payable	-	-	9,111,448	500,000	14,877	9,626,325
Interfund payables	-	-	-	-	988,306	988,306
Due to other governments	-	-	-	-	-	-
Other liabilities	923,925	-	-	-	-	923,925
Unearned revenues	-	-	35,635,491	10,209,070	12,201	45,856,762
Total liabilities	7,781,975	-	59,363,275	10,804,534	1,999,063	79,948,847
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue - property taxes	623,276	340,805	-	-	-	964,081
Unavailable revenue - general services	1,310,217	-	-	-	-	1,310,217
Unavailable revenue - intergovernmental	1,033,801	-	667,314	-	466,705	2,167,820
Deferred inflows - leases	122,166	-	-	-	-	122,166
Total deferred inflows of resources	3,089,460	340,805	667,314	-	466,705	4,564,284
FUND BALANCES:						
Restricted for:						
Debt service	-	1,138,403	-	-	-	1,138,403
Parks and recreation	-	-	1,937,630	-	11,711,557	13,649,187
Streets and drainage projects	-	-	39,266,339	-	9,040,059	48,306,398
Other capital projects	-	-	84,667,842	-	-	84,667,842
Other grants and purposes	-	-	-	-	4,955,475	4,955,475
Committed to:						
Streets	-	-	8,809,621	-	8,994,528	17,804,149
Parks and recreation	-	-	60,000	-	-	60,000
Other purposes	-	-	43,628	-	12,410,978	12,454,606
Assigned to:						
Streets and drainage projects	-	-	16,382,349	-	-	16,382,349
Capital projects	-	-	9,677,154	-	-	9,677,154
Other purposes		-	-	-	750	750
Unassigned	44,600,382	-	-	-	(407,514)	44,192,868
Total fund balances	44,600,382	1,138,403	160,844,563	-	46,705,833	253,289,181
Total liabilities, deferred inflows of resources and fund balances	$ 55,471,817	$ 1,479,208	$ 220,875,152	$ 10,804,534	$ 49,171,601	$ 337,802,312

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit IV**
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2023

Total fund balances - governmental funds (Exhibit III)			**$ 253,289,181**
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Includes capital assets of internal service funds.			**706,396,701**
Certain receivables will be collected next year but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds.			**4,442,118**
Deferred outflows of resources are not reported in the governmental funds. Includes deferred outflows of internal service funds:			
Deferred loss on refundings	**$**	**228,768**	
Deferred pension balances		**54,831,948**	
Deferred other post-employment benefits contributions		**4,472,057**	**59,532,773**
An internal charge to business-type activities is not recorded at the fund level.			**(1,036,034)**
Several internal service funds are used by the City's management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets, liabilities, deferred outflows, and deferred inflows of the internal service funds are included with governmental activities. Internal service fund balances not included in other reconciling items listed above or below:			
Current and other assets	**$**	**41,300,253**	
Liabilities		**(33,259,932)**	
Deferred inflows		**(1,092,767)**	**6,947,554**
Long-term balances, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Includes balances of internal service funds. Long-term liabilities and related balances at year-end consist of:			
General obligation bonds payable	**$**	**(258,005,000)**	
Certificates of obligation payable		**(134,630,000)**	
Bond (premiums)/discounts		**(28,677,480)**	
Accrued interest on the bonds		**(2,181,997)**	
Capital leases payable		**(247,072)**	
Capital leases payable		**(8,255,975)**	
Net Pension Liability		**(93,457,989)**	
Total other post-employment benefits liability		**(30,188,938)**	
Compensated absences		**(17,358,979)**	**(573,003,430)**
Deferred inflows of resources are not reported in the governmental funds. Includes deferred outflows of internal service funds:			
Deferred pension balances and			
Deferred other post-employment benefits contributions			**(10,281,585)**
Total net position of governmental activities (Exhibit I)			**$ 446,287,278**

The notes to the basic financial statements are an integral part of this exhibit.

CITY OF DENTON, TEXAS **Exhibit V**
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	$ 113,955,253	$ 32,733,509	$ -	$ -	$ 4,741,503	$ 151,430,265
Licenses and permits	6,049,752	-	-	-	-	6,049,752
Franchise fees	22,851,663	-	-	-	17,111,671	39,963,334
Fines and forfeitures	1,961,982	-	-	-	456,971	2,418,953
Fees for services	9,662,872	-	-	-	5,698,489	15,361,361
Investment revenue	2,587,602	764,351	5,752,739	-	1,925,156	11,029,848
Intergovernmental	2,961,572	-	16,004,667	5,310,047	4,581,704	28,857,990
Miscellaneous	342,941	-	105,324	-	6,151,186	6,599,451
Total revenues	160,373,637	33,497,860	21,862,730	5,310,047	40,666,680	261,710,954
EXPENDITURES:						
Current:						
General government	33,498,180	-	127,035	2,696,843	7,082,626	43,404,684
Public safety	96,317,917	-	59,168	208,172	2,018,239	98,603,496
Public works	3,454,541	-	-	-	11,300,388	14,754,929
Parks and recreation	15,781,789	-	189,747	-	7,989,514	23,961,050
Capital outlay	475,410	-	96,501,790	2,405,032	975,345	100,357,577
Debt service:						
Principal retirement	-	22,555,789	-	-	-	22,555,789
Bond refunding	-	178,390	-	-	-	178,390
Bond issuance costs	-	55,015	438,055	-	-	493,070
Interest and other charges	-	12,754,569	-	-	-	12,754,569
Total expenditures	149,527,837	35,543,763	97,315,795	5,310,047	29,366,112	317,063,554
Excess (deficiency) of revenues over (under) expenditures	10,845,800	(2,045,903)	(75,453,065)	-	11,300,568	(55,352,600)
OTHER FINANCING SOURCES (USES):						
Refunding bonds issued	-	9,300,000	-	-	-	9,300,000
Payment to refunded bond agent	-	(10,156,875)	-	-	-	(10,156,875)
Issuance of long-term debt	-	-	60,075,000	-	-	60,075,000
Premium on debt issuance	-	911,669	5,899,840	-	-	6,811,509
Proceeds from sale of capital assets	198,474	-	-	-	7,252	205,726
Transfers in	25,750	717,980	21,840,279	-	11,324,732	33,908,741
Transfers out	(11,929,048)	-	(125,725)	-	(17,508,714)	(29,563,487)
Total other financing sources (uses)	(11,704,824)	772,774	87,689,394	-	(6,176,730)	70,580,614
Net change in fund balances	(859,024)	(1,273,129)	12,236,329	-	5,123,838	15,228,014
Fund balance at beginning of year	45,459,406	2,411,532	148,608,234	-	41,581,995	238,061,167
Fund balances at end of year	$ 44,600,382	$ 1,138,403	$ 160,844,563	$ -	$ 46,705,833	$ 253,289,181

The notes to the basic financial statements are an integral part of this statement.

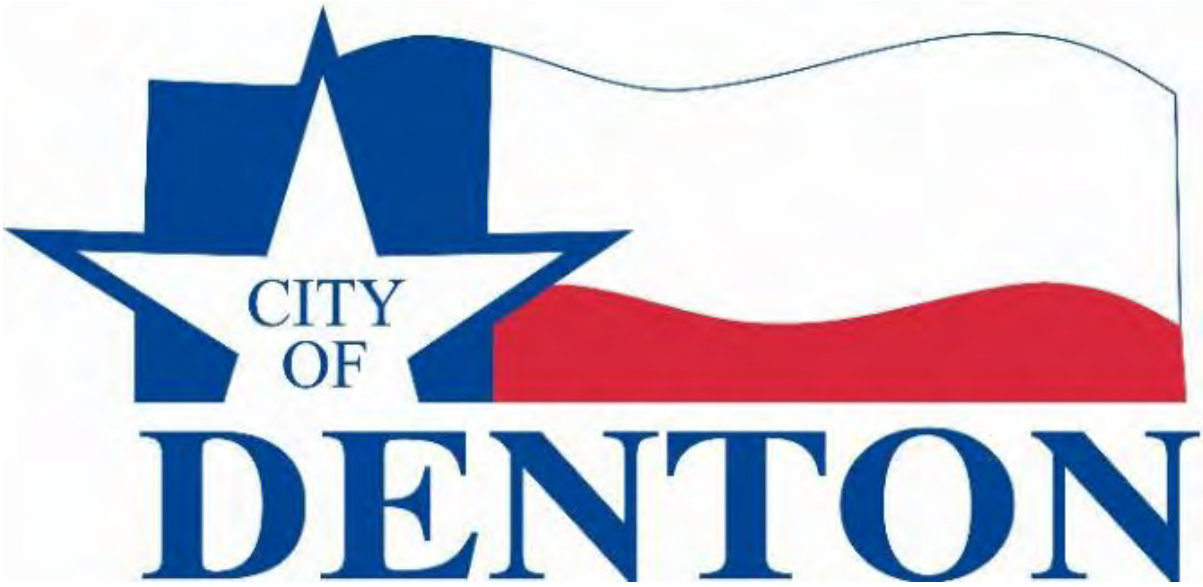
CITY OF DENTON, TEXAS **Exhibit VI**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Net change in fund balances - total governmental funds (Exhibit V)	**$**	**15,228,014**
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount represents the difference between capital outlay of $101,868,370 and depreciation of $27,363,415 (which is the net of overall governmental activities depreciation of $32,005,311 less internal service fund depreciation of $4,641,896).		**74,504,955**
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Such amounts are recorded in the funds when considered available.		**773,488**
The net effect of various miscellaneous transactions involving capital assets (i.e., SBITA, leases, sales, trade-ins and donations) is to decrease net position.		**(5,250,530)**
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded payments.		**(37,564,497)**
Fund-level financials report costs related to bonds as expenditures; however, these are deferred and amortized on the government-wide financials.		**(3,876,627)**
Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		**(2,894,878)**
Internal service funds are used by management to charge the costs of certain activities, such as insurance and technology services, to individual funds. A portion of the net revenue (expense) of certain internal service funds is reported with governmental activities. The amount reported with business-type activities is ($3,011,695).		**(1,725,908)**
Change in net position of governmental activities (Exhibit II)	**$**	**39,194,017**

The notes to the basic financial statements are an integral part of this statement.


CITY
OF
DENTON

CITY OF DENTON, TEXAS **Exhibit VII**
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Taxes	$ 112,957,687	$ 112,957,687	$ 113,955,253	$ -	$ 113,955,253	$ 997,566
Licenses and permits	8,806,895	8,858,784	6,049,752	-	6,049,752	(2,809,032)
Franchise fees	17,660,041	17,660,041	22,851,663	-	22,851,663	5,191,622
Fines and forfeitures	2,396,756	2,396,756	1,961,982	-	1,961,982	(434,774)
Fees for services	8,827,339	8,345,643	9,662,872	-	9,662,872	1,317,229
Investment revenue	150,000	150,000	2,587,602	-	2,587,602	2,437,602
Intergovernmental	3,594,259	4,475,289	2,961,572	-	2,961,572	(1,513,717)
Miscellaneous	392,749	250,526	342,941	-	342,941	92,415
Total revenues	154,785,726	155,094,726	160,373,637	-	160,373,637	5,278,911
EXPENDITURES:						
Current:						
General government	54,604,776	54,657,704	33,498,180	4,663,099	38,161,279	16,496,425
Public safety	87,130,085	88,023,221	96,317,917	(5,571,790)	90,746,127	(2,722,906)
Public works	3,099,512	3,099,512	3,454,541	(405,206)	3,049,335	50,177
Parks and recreation	15,770,631	15,617,719	15,781,789	(601,943)	15,179,846	437,873
Capital outlay	588,567	539,186	475,410	-	475,410	63,776
Total expenditures	161,193,571	161,937,342	149,527,837	(1,915,840)	147,611,997	14,325,345
Excess (deficiency) of revenues over (under) expenditures	(6,407,845)	(6,842,616)	10,845,800	1,915,840	12,761,640	19,604,256
OTHER FINANCING SOURCES (USES):						
Proceeds from sale of capital assets	500,000	191,000	198,474	-	198,474	7,474
Transfer in	27,573,659	27,573,659	25,750	13,074,286	13,100,036	(14,473,623)
Transfers out	(21,659,276)	(22,023,060)	(11,929,048)	(14,839,310)	(26,768,358)	(4,745,298)
Total other financing sources (uses)	6,414,383	5,741,599	(11,704,824)	(1,765,024)	(13,469,848)	(19,211,447)
Net change in fund balance	6,538	(1,101,017)	(859,024)	150,816	(708,208)	392,809
Fund balances at beginning of year	45,459,406	45,459,406	45,459,406	-	45,459,406	-
Fund balance at end of year	$ 45,465,944	$ 44,358,389	$ 44,600,382	$ 150,816	$ 44,751,198	$ 392,809

Adjustments - Budgetary Basis are expenditures allocated to and reimbursed by other funds. These expenditures are recorded in the other funds' financials.

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit VIII**
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2023

	Business-type Activities - Enterprise Funds		
	Utility System		
	Electric Fund	Water Fund	Wastewater Fund
ASSETS:			
Current assets:			
Cash, cash equivalents and investments, at fair value	$ 36,132,024	$ 54,245,224	$ 41,215,104
Receivables, net of allowances:			
Accounts	14,329,661	3,973,144	1,960,753
Unbilled utility service	10,813,193	3,131,546	2,067,728
Accrued interest	183,680	275,758	209,520
Other	9,421,718	-	979
Interfund receivables	14,582,614	1,845,326	346,901
Merchandise inventory	-	-	-
Prepaid items	62,852,670	-	-
Other Assets	142,260,039	-	-
Total current assets	290,575,599	63,470,998	45,800,985
Noncurrent assets:			
Restricted assets:			
Cash, cash equivalents and investments, at fair value	96,038,223	78,857,977	79,692,149
Escrow deposit	-	-	-
Accrued interest	488,218	400,881	405,121
Other receivables	-	-	-
Total restricted assets	96,526,441	79,258,858	80,097,270
Unamortized debt issuance costs - insurance	470,345	-	-
Lease assets, net of accumulated amortization	-	-	-
SBITA assets, net of accumulated amortization	2,731,632	300,035	-
Capital assets, net of accumulated depreciation	730,958,477	393,014,222	360,140,870
Total noncurrent assets	830,686,895	472,573,115	440,238,140
Total assets	1,121,262,494	536,044,113	486,039,125
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charges on refunding	391,140	573,794	-
Deferred pension balances	10,059,343	3,533,709	3,056,491
Deferred other post employment benefit balances	776,170	420,259	440,549
Total deferred outflows of resources	11,226,653	4,527,762	3,497,040
LIABILITIES:			
Current liabilities:			
Accounts payable	7,895,455	1,748,235	1,176,111
Retainage payable	-	224,700	7,557
Claims payable	-	-	-
Compensated absences payable	1,377,459	409,066	327,106
Deposits	8,984,521	849,069	603,939
Accrued interest	-	-	-
Interfund payables	-	-	-
Payable from restricted assets:			
Accounts payable	3,510,373	5,921,770	2,636,951
Retainage payable	2,720,749	1,752,177	780,935
Accrued interest	6,722,680	581,511	598,336
Certificate, general obligation, and revenue bonds	39,757,051	8,870,673	5,259,050
Total current liabilities paid from restricted assets	52,710,853	17,126,131	9,275,272
Total current liabilities	70,968,288	20,357,201	11,389,985

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit VIII**
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Solid Waste Fund	Airport Fund	Total Enterprise Funds	
ASSETS:				
Current assets:				
Cash, cash equivalents and investments, at fair value	$ 16,400,058	$ 3,217,490	$ 151,209,900	$ 16,874,346
Receivables, net of allowances:				
Accounts	1,729,712	73,906	22,067,176	-
Unbilled utility service	1,904,806	-	17,917,273	-
Accrued interest	83,371	16,356	768,685	83,796
Other	703,252	-	10,125,949	1,538,009
Interfund receivables	-	-	16,774,841	-
Merchandise inventory	-	-	-	17,995,493
Prepaid items	-	-	62,852,670	3,064
Other Assets	-	-	142,260,039	-
Total current assets	20,821,199	3,307,752	423,976,533	36,494,708
Noncurrent assets:				
Restricted assets:				
Cash, cash equivalents and investments, at fair value	34,577,503	3,213,719	292,379,571	4,578,271
Escrow deposit	-	-	-	204,000
Accrued interest	175,778	16,337	1,486,335	23,274
Other receivables	-	128,614	128,614	-
Total restricted assets	34,753,281	3,358,670	293,994,520	4,805,545
Unamortized debt issuance costs - insurance	-	-	470,345	-
Lease assets, net of accumulated amortization	-	-	-	244,437
SBITA assets, net of accumulated amortization	-	-	3,031,667	5,401,047
Capital assets, net of accumulated depreciation	60,854,648	19,872,898	1,564,841,115	17,295,782
Total noncurrent assets	95,607,929	23,231,568	1,862,337,647	27,746,811
Total assets	116,429,128	26,539,320	2,286,314,180	64,241,519
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charges on refunding	42,896	-	1,007,830	-
Deferred pension balances	4,497,800	328,645	21,475,988	9,186,971
Deferred other post employment benefit balances	512,741	23,060	2,172,779	910,357
Total deferred outflows of resources	5,053,437	351,705	24,656,597	10,097,328
LIABILITIES:				
Current liabilities:				
Accounts payable	1,035,310	39,570	11,894,681	5,967,100
Retainage payable	159,231	-	391,488	-
Claims payable	-	-	-	4,773,339
Compensated absences payable	476,482	43,736	2,633,849	1,096,254
Deposits	573,359	17,797	11,028,685	549,917
Accrued interest	-	-	-	87,445
Interfund payables	-	-	-	17,700,000
Payable from restricted assets:				
Accounts payable	-	-	12,069,094	-
Retainage payable	-	-	5,253,861	236,648
Accrued interest	269,362	-	8,171,889	-
Certificate, general obligation, and revenue bonds	3,501,090	-	57,387,864	726,375
Total current liabilities paid from restricted assets	3,770,452	-	82,882,708	963,023
Total current liabilities	6,014,834	101,103	108,831,411	31,137,078

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit VIII**
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2023

	Business-type Activities - Enterprise Funds		
	Utility System		
	Electric Fund	Water Fund	Wastewater Fund
Noncurrent liabilities:			
General obligation bonds payable	$ 63,472,877	$ 23,855,385	$ 7,756,304
Certificates of obligation	377,974,492	74,184,018	98,081,920
Revenue bonds payable	322,283,491	-	-
Notes payable	7,500,000	-	-
Compensated absences payable	504,343	93,624	81,149
Claims and judgement payable	2,700,000	-	-
Lease liability	-	-	-
SBITA liability	2,670,421	-	-
Net pension liability	20,554,357	7,011,082	6,915,503
Total other post-employment benefits liability	5,393,320	2,888,277	3,248,856
Landfill closure/postclosure costs	-	-	-
Total noncurrent liabilities	803,053,301	108,032,386	116,083,732
Total liabilities	874,021,589	128,389,587	127,473,717
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows - leases	1,311,866	-	-
Deferred charges on refundings	815,186	200,196	171,219
Deferred pension balances	-	-	-
Deferred other post employment benefit balances	1,644,319	934,171	877,385
Total deferred inflows of resources	3,771,371	1,134,367	1,048,604
NET POSITION:			
Net investment in capital assets	155,519,365	311,885,499	295,125,869
Restricted for debt service	15,734,523	-	
Restricted for capital acquisition	-	46,426,615	30,425,893
Unrestricted	83,442,299	52,735,807	35,462,082
Total net position	$ 254,696,187	$ 411,047,921	$ 361,013,844

(continued on the following page)

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit VIII**
STATEMENT OF NET POSITION (concluded)
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Solid Waste Fund	Airport Fund	Total Enterprise Funds	
Noncurrent liabilities:				
General obligation bonds payable	$ 4,766,311	$ -	$ 99,850,877	$ -
Certificates of obligation	34,815,752	-	585,056,182	9,147,438
Revenue bonds payable	-	-	322,283,491	-
Notes payable	-	-	7,500,000	-
Compensated absences payable	216,478	28,337	923,931	231,577
Claims and judgement payable	-	-	2,700,000	4,032,928
Lease liability	-	-	-	247,072
SBITA liability	-	-	2,670,421	5,003,121
Net pension liability	9,283,642	666,983	44,431,567	16,781,884
Total other post-employment benefits liability	3,319,660	175,406	15,025,519	5,870,388
Landfill closure/postclosure costs	12,064,738	-	12,064,738	-
Total noncurrent liabilities	64,466,581	870,726	1,092,506,726	41,314,408
Total liabilities	70,481,415	971,829	1,201,338,137	72,451,486
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows - leases	689,857	-	2,001,723	1,092,767
Deferred charges on refundings	73,729	-	1,260,330	-
Deferred pension balances	-	-	-	-
Deferred other post employment benefit balances	1,100,279	56,005	4,612,159	2,045,195
Total deferred inflows of resources	1,863,865	56,005	7,874,212	3,137,962
NET POSITION:				
Net investment in capital assets	38,546,902	19,872,898	820,950,533	12,398,166
Restricted for debt service	-	-	15,734,523	-
Restricted for capital acquisition	-	3,230,056	80,082,564	-
Unrestricted	10,590,383	2,760,237	184,990,808	(13,648,767)
Total net position	$ 49,137,285	$ 25,863,191	$ 1,101,758,428	$ (1,250,601)
Adjustment to reflect inclusion of internal service fund activities related to enterprise funds.			1,036,034	
Net position of business-type activities (Exhibit I)			$ 1,102,794,462	

The notes to the basic financial statements are an integral part of this statement. **(concluded)**

CITY OF DENTON, TEXAS **Exhibit IX**
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-type Activities - Enterprise Funds		
	Utility System		
	Electric Fund	Water Fund	Wastewater Fund
OPERATING REVENUES:			
Utility services	$ 325,539,428	$ 48,493,256	$ 32,834,806
Charges for goods and services	-	-	-
Other fees	3,974,368	1,193,346	1,894,212
Miscellaneous	-	-	-
Total operating revenues	329,513,796	49,686,602	34,729,018
OPERATING EXPENSES:			
Operating expenses before depreciation and amortization	311,690,293	27,848,534	27,486,644
Depreciation and amortization	27,500,779	10,201,146	10,912,258
Total operating expenses	339,191,072	38,049,680	38,398,902
Operating income (loss)	(9,677,276)	11,636,922	(3,669,884)
NON-OPERATING REVENUES (EXPENSES):			
Investment revenue	5,831,510	5,086,788	4,675,751
Interest expense and fiscal charges	(22,140,363)	(2,741,192)	(3,066,478)
Impact fee revenue	-	15,828,012	12,547,006
Gain on disposal of capital assets	(4,806,647)	6,815	12,351
Gas well revenues	-	-	-
Other non-operating revenues (expenses)	3,219,121	165,658	840
Total non-operating revenues (expenses)	(17,896,379)	18,346,081	14,169,470
Income (loss) before contributions and transfers	(27,573,655)	29,983,003	10,499,586
CONTRIBUTIONS AND TRANSFERS:			
Capital contributions	495,060	7,311,818	19,257,307
Transfers in	280	158	235,210
Transfers out	(898,330)	(1,241,640)	(1,166,030)
Total contributions and transfers	(402,990)	6,070,336	18,326,487
Change in net position	(27,976,645)	36,053,339	28,826,073
Net position at beginning of year	282,672,832	374,994,582	332,187,771
Total net position at end of year	$ 254,696,187	$ 411,047,921	$ 361,013,844

(continued on the following page)

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit IX**
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION (concluded)
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Solid Waste Fund	Airport Fund	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES:				
Utility services	$ 38,775,920	$ 1,491,409	$ 447,134,819	$ -
Charges for goods and services	-	-	-	111,112,099
Other fees	400,687	-	7,462,613	-
Miscellaneous	-	24,300	24,300	3,820,268
Total operating revenues	39,176,607	1,515,709	454,621,732	114,932,367
OPERATING EXPENSES:				
Operating expenses before depreciation and amortization	29,216,319	1,469,952	397,711,742	115,285,585
Depreciation and amortization	7,135,414	1,113,881	56,863,478	4,641,896
Total operating expenses	36,351,733	2,583,833	454,575,220	119,927,481
Operating income (loss)	2,824,874	(1,068,124)	46,512	(4,995,114)
NON-OPERATING REVENUES (EXPENSES):				
Investment revenue	1,434,635	341,496	17,370,180	1,044,283
Interest expense and fiscal charges	(974,635)	35,298	(28,887,370)	(468,129)
Impact fee revenue	-	-	28,375,018	-
Gain on disposal of capital assets	(175,852)	-	(4,963,333)	5,227
Gas well revenues	-	380,439	380,439	-
Other non-operating revenues (expenses)	12,205	148,000	3,545,824	715
Total non-operating revenues (expenses)	296,353	905,233	15,820,758	582,096
Income (loss) before contributions and transfers	3,121,227	(162,891)	15,867,270	(4,413,018)
CONTRIBUTIONS AND TRANSFERS:				
Capital contributions	-	978,427	28,042,612	3,654
Transfers in	56,317	-	291,965	102,207
Transfers out	(235,000)	(767,980)	(4,308,980)	(430,446)
Total contributions and transfers	(178,683)	210,447	24,025,597	(324,585)
Change in net position	2,942,544	47,556	39,892,867	(4,737,603)
Net position at beginning of year	46,194,741	25,815,635	1,061,865,561	3,487,002
Total net position at end of year	$ 49,137,285	$ 25,863,191	$ 1,101,758,428	$ (1,250,601)

Change in fund net position of proprietary funds	39,892,867
Adjustment to reflect inclusion of internal service fund activities related to enterprise funds.	(3,011,695)
Change in net position of business-type activities (Exhibit II)	$ 36,881,172

The notes to the basic financial statements are an integral part of this statement. (concluded)

CITY OF DENTON, TEXAS **Exhibit X**
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-type Activities - Enterprise Funds		
	Utility System		
	Electric Fund	Water Fund	Wastewater Fund
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 330,209,746	$ 47,775,516	$ 34,349,222
Cash paid to employees for services	(22,214,059)	(9,286,092)	(8,388,593)
Cash paid to suppliers	(311,947,442)	(11,566,974)	(17,346,876)
Net cash provided (used) by operating activities	(3,951,755)	26,922,450	8,613,753
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers out	(898,330)	(1,241,640)	(1,166,030)
Transfers in	280	158	235,210
Proceeds from issuance of non-capital debt	7,500,000	-	-
Principal payments on non-capital debt	(7,040,000)	-	-
Interest and fiscal charges on non-capital debt	(729,625)	-	-
Net cash provided (used) by noncapital financing activities:	(1,167,675)	(1,241,482)	(930,820)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from issuance of debt	98,656,702	22,775,264	40,983,448
Principal payments on capital debt	(55,329,654)	(8,171,352)	(29,067,893)
Principal payments under capital lease obligation	-	-	-
Interest and fiscal charges	(26,486,476)	(3,649,243)	(8,220,540)
Acquisition of lease assets	-	-	-
Lease liability	-	-	-
Acquisition of SBITA assets	(3,652,376)	(347,936)	-
SBITA liability	2,670,421	-	-
Proceeds from gas wells	-	-	-
Proceeds from impact fees	-	15,828,012	16,817,006
Proceeds from lease financing	-	-	-
Proceeds from capital contributions and transfers in	-	-	-
Proceeds from sale or reimbursement of capital assets	75,637	6,815	12,390
Acquisition and construction of capital assets	(59,005,069)	(50,157,408)	(38,813,049)
Net cash provided (used) by capital financing activities	(43,070,815)	(23,715,848)	(18,288,638)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale and maturities of investment securities	106,302,712	67,015,691	69,846,567
Purchase of investment securities	(88,486,843)	(80,953,683)	(74,485,065)
Interest received on investments	5,151,141	4,290,275	4,422,326
Proceeds from ownership investment	3,219,121	-	-
Net cash provided (used) by investing activities	26,186,131	(9,647,717)	(216,172)
Net increase (decrease) in cash and cash equivalents	(22,004,114)	(7,682,597)	(10,821,877)
Cash and cash equivalents at beginning of year	53,579,687	39,481,318	39,706,711
Cash and cash equivalents at end of year	31,575,573	31,798,721	28,884,834
Investments, at fair value (Note IV.A.)	100,594,674	101,304,480	92,022,419
Cash, cash equivalents and investments, at fair value	$ 132,170,247	$ 133,103,201	$ 120,907,253
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	$ (9,677,276)	$ 11,636,922	$ (3,669,884)
Adjustments:			
Depreciation and amortization expense	27,500,779	10,201,146	10,912,258
Decrease (Increase) in receivables	2,369,416	(1,429,579)	(364,835)
Decrease (Increase) in interfund receivables	(4,679,779)	(481,507)	(14,961)
Decrease (Increase) in inventories	-	-	-
Decrease (Increase) in customer deposits	3,115,636	-	-
Decrease (Increase) in prepaid items	(38,248,308)	-	-
Decrease (Increase) in other assets	8,807,096	-	-
Increase in escrow deposits	-	6,432,041	-
Increase (Decrease) in accounts payable	5,744,024	-	1,231,693
Decrease in unearned revenue	-	-	-
Increase (Decrease) in compensated absences payable	185,990	43,486	40,510
Increase (Decrease) in net municipal pension balances	1,250,820	436,887	393,769
Increase (Decrease) in other post-employment benefit balances	159,699	83,054	85,203
Increase (Decrease) in closure/postclosure liability	-	-	-
Increase (Decrease) in interfund payables	(370,529)	-	-
Increase (Decrease) in lease deferred inflows	(109,323)	-	-
Total adjustments	5,725,521	15,285,528	12,283,637
Net cash provided (used) by operating activities	$ (3,951,755)	$ 26,922,450	$ 8,613,753
NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES:			
Decrease in fair value of investments	778,386	419,326	477,681
Increase (Decrease) in equity due to non-cash transfers	280	-	-
Capital asset contributions	495,060	7,311,818	19,257,307

The notes to the basic financial statements are an integral part of this statement.

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit X**
STATEMENT OF CASH FLOWS (concluded)
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Solid Waste Fund	Airport Fund	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 38,988,630	$ 1,513,197	$ 452,836,311	$ 115,048,949
Cash paid to employees for services	(12,118,726)	(759,247)	(52,766,717)	(23,549,281)
Cash paid to suppliers	(16,181,786)	(636,680)	(357,679,758)	(85,865,980)
Net cash provided (used) by operating activities	10,688,118	117,270	42,389,836	5,633,688
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers out	(235,000)	(767,980)	(4,308,980)	(430,446)
Transfers in	56,317	-	291,965	102,207
Proceeds from issuance of non-capital debt	-	-	7,500,000	-
Principal payments on non-capital debt	-	-	(7,040,000)	-
Interest and fiscal charges on non-capital debt	-	-	(729,625)	-
Net cash provided (used) by noncapital financing activities:	(178,683)	(767,980)	(4,286,640)	(328,239)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from issuance of debt	7,357,088	-	169,772,502	4,048,014
Principal payments on capital debt	5,258,606	-	(87,310,293)	(3,230,889)
Principal payments under capital lease obligation	-	-	-	(1,243)
Interest and fiscal charges	(555,086)	-	(38,911,345)	(479,599)
Acquisition of lease assets	-	-	-	244,437
Lease liability	-	-	-	(247,073)
Acquisition of SBITA assets	-	-	(4,000,312)	(7,160,374)
SBITA liability	-	-	2,670,421	5,003,121
Proceeds from gas wells	-	553,971	553,971	-
Proceeds from impact fees	-	-	32,645,018	-
Proceeds from lease financing	-	-	-	2,636
Proceeds from capital contributions and transfers in	-	1,004,341	1,004,341	3,654
Proceeds from sale or reimbursement of capital assets	-	-	94,842	2,961
Acquisition and construction of capital assets	(9,263,149)	83,229	(157,155,446)	(6,554,770)
Net cash provided (used) by capital financing activities	2,797,459	1,641,541	(80,636,301)	(8,369,125)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale and maturities of investment securities	9,287,391	1,948,105	254,400,466	10,583,911
Purchase of investment securities	(22,959,398)	(3,313,470)	(270,198,459)	(10,557,694)
Interest received on investments	1,187,932	323,246	15,374,920	939,531
Proceeds from ownership investment	-	-	3,219,121	-
Net cash provided (used) by investing activities	(12,484,075)	(1,042,119)	2,796,048	965,748
Net increase (decrease) in cash and cash equivalents	822,819	(51,288)	(39,737,057)	(2,097,928)
Cash and cash equivalents at beginning of year	11,355,759	1,587,709	145,711,184	7,520,137
Cash and cash equivalents at end of year	12,178,578	1,536,421	105,974,127	5,422,209
Investments, at fair value (Note IV.A.)	38,798,983	4,894,788	337,615,344	16,030,408
Cash, cash equivalents and investments, at fair value	$ 50,977,561	$ 6,431,209	$ 443,589,471	$ 21,452,617
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	$ 2,824,874	$ (1,068,124)	$ 46,512	$ (4,995,114)
Adjustments:				
Depreciation and amortization expense	7,135,414	1,113,881	56,863,478	4,641,896
Decrease (Increase) in receivables	(38,235)	(2,512)	534,255	241,368
Decrease (Increase) in interfund receivables	-	-	(5,176,247)	-
Decrease (Increase) in inventories	-	-	-	(3,681,707)
Decrease (Increase) in customer deposits	(122,056)	-	2,993,580	-
Decrease (Increase) in prepaid items	-	-	(38,248,308)	13,759
Decrease (Increase) in other assets	-	-	8,807,096	-
Increase in escrow deposits	-	-	6,432,041	61,201
Increase (Decrease) in accounts payable	(734,325)	9,768	6,251,160	2,796,631
Decrease in unearned revenue	-	-	-	-
Increase (Decrease) in compensated absences payable	90,579	24,131	384,696	21,951
Increase (Decrease) in net municipal pension balances	(129,066)	35,566	1,987,976	1,485,748
Increase (Decrease) in other post-employment benefit balances	799,421	4,560	1,131,937	(83,911)
Increase (Decrease) in closure/postclosure liability	1,012,793	-	1,012,793	-
Increase (Decrease) in interfund payables	(123,595)	-	(494,124)	5,229,219
Increase (Decrease) in lease deferred inflows	(27,686)	-	(137,009)	(97,353)
Total adjustments	7,863,244	1,185,394	42,343,324	10,628,802
Net cash provided (used) by operating activities	$ 10,688,118	$ 117,270	$ 42,389,836	$ 5,633,688
NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES:				
Decrease in fair value of investments	65,783	12,202	1,753,378	92,029
Increase (Decrease) in equity due to non-cash transfers	178,683	-	178,963	-
Capital asset contributions	-	978,427	28,042,612	3,654

The notes to the basic financial statements are an integral part of this statement. **(concluded)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Denton is a municipal corporation governed by an elected seven-member council consisting of a mayor elected at large and six councilpersons, four representing specific geographical districts and two elected at large. The City receives funding from state and federal government sources and must comply with the requirements of these funding source entities. However, the City is not included in any other governmental "reporting entity," as defined in pronouncements by the Governmental Accounting Standards Board (GASB), as council members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

The financial statements of the City have been prepared to conform to accounting principles generally accepted (GAAP) in the United States of America as applicable to state and local governments. Generally accepted accounting principles for local governments include principles prescribed by GASB, the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

A. Reporting Entity

An elected seven-member council consisting of a mayor and six councilpersons govern the City. As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government) and its component units, which are entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations, and so data from these units are combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the City. The City had no component units, discretely presented or blended, at September 30, 2023.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The reporting focus is either the City as a whole (government-wide financial statements) or major individual funds (within the fund financial statements). The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (public safety, public works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; (2) grants and contributions that are restricted to meeting operational requirements of a particular function or segment; and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property taxes, sales taxes, franchise fees, interest income, etc.).

Separate fund financial statements are provided for governmental funds and proprietary funds. Major governmental funds and major enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category and for the governmental and enterprise funds combined) for the determination of major funds. Non-major funds are combined in a column in the fund financial statements.

Internal service funds, which traditionally provide services primarily to other funds of the government, are presented in summary form as part of the proprietary fund financial statements. The financial statements of internal service funds are allocated (based on the percentage of goods or services provided) between the governmental and business-type activities when presented at the government-wide level.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category). Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund-level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized, and susceptible to accrual, as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Any amounts collected beyond the 60 days are recorded as deferred inflows of resources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid general operating costs, fixed charges and capital improvement costs that are not paid through other funds.

The debt service fund accounts for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt, paid primarily by taxes levied by the City. On a budgetary-basis, the debt service fund also accounts for pass-through debt service payments from the self-supporting proprietary funds.

The capital projects fund accounts for financial resources used for the acquisition or construction of capital other than those recorded in the enterprise funds and internal service funds.

The ARPA fund accounts for the federal resources received by the City from the American Rescue Plan Act of 2021 and used for the programs as outlined by the plan.

Other governmental funds are a summarization of all of the non-major governmental funds.

The City reports the following major proprietary funds:

The City utility system is made up of three separate funds as follows:

The electric fund accounts for electrical utility services to the residents and commercial establishments of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance and related debt service.

The water fund accounts for water utility services to the residents and commercial establishments of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance and related debt service.

The wastewater fund accounts for sewer and storm water services to the residents and commercial establishments of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance and related debt service.

The City provides additional services through the following funds:

The solid waste fund accounts for the provision of solid waste services to the residents of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance and related debt service.

The airport fund accounts for the airport services to the public and is funded through operational and gas well revenues. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, and finance.

The City additionally reports the following funds:

Internal service funds are used to account for the financing of materials and services provided by one department of the City to other departments of the City on a cost-reimbursement basis.

The materials management fund accounts for the financing of the goods and services of the purchasing department as well as the management and inventory of the City warehouse activities.

The fleet services fund accounts for the financing of goods and services provided by the activities of the City garage and machine shop to other departments.

The health insurance fund accounts for the accumulation of resources for the self-insurance activities of the City for employee medical insurance as well as other employee insurance benefits including long-term disability, short-term disability, and dental and vision insurances.

The risk retention fund accounts for the accumulation of resources for the payment of activities associated with providing general liability insurance coverage and self-funded activities for City departments.

The technology services fund accounts for financing and management of technology equipment, software, and services such as programming, support, training, maintenance, and office services to City departments.

The engineering services fund accounts for providing engineering, real estate, public works inspection, and development review services primarily to City departments although some services are provided to and paid by external entities.

The customer service fund accounts for providing customer service activities to residents and businesses for City departments. Services include bill pay, utility service requests, connect/disconnect services, maintenance of customer accounts, utility billing, operator calls, collections, accounts receivable, and cash handling.

The facilities fund accounts for the maintenance of all city-owned facilities and vertical construction projects.

The City does not have any fiduciary funds as of fiscal year ending September 30, 2023.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's electric, water, wastewater, solid waste, and airport funds are charges to customers for services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgetary Information

The City Council follows these procedures, as prescribed by City Charter, in establishing the budgets reflected in the financial statements:

1. Within the time period required by law, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted prior to the adoption of the budget in order to obtain taxpayer comments.
3. The annual budget adopted by the City Council covers the general fund, non-major special revenue funds (Recreation Fund, Police Confiscation Fund, Tourist and Convention Fund, Gas Well Revenues Fund, Street Improvement Fund, and the Citizens' Park Trusts), the debt service fund, the enterprise funds, and internal service funds. The budget is legally enacted by the City Council through passage of an ordinance prior to the beginning of the fiscal year. The basic financial statements reflect the legal level of control, (i.e. the level at which expenditures cannot legally exceed the appropriated amount) which is established at the total fund level as approved by City Council.
4. The City Charter provides for the City Manager to transfer any part of the unencumbered appropriation balance or the entire balance thereof between programs or general classifications of expenditures within an office, department, agency or organizational unit. (The City Council defines an organizational unit as set forth in Article VIII, Section 8.07 of the City Charter, to be a fund that has been appropriated by the City Council.) City Council approval is not required up to the fund level. The Charter also provides that at any time during the year, at the request of the City Manager, City Council may by resolution transfer any part of the unencumbered appropriation balance or the entire balance thereof from one office, department, agency, or organizational unit to another, as well as make any increases in fund appropriations.

Budgets are adopted on a basis for the governmental funds and the budgeted special revenue funds that is generally consistent with generally accepted accounting principles. Budgets for enterprise funds are prepared on the full accrual basis, except certain noncash transactions such as depreciation expense and amortization on debt issuance costs where it is not budgeted, and debt service payments where it is budgeted. Also, during the budgetary process, amounts are included in all fund budgets to recognize administrative transfers between funds for goods or services. These amounts are not included in the reporting of actual activity for the funds. For funds reporting required budget-to-actual comparisons, these administrative transfers are included as adjustments – budgetary basis.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed contracts for goods or services (i.e., purchase orders and contracts). While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances are re-appropriated against the subsequent year's budget, reducing the available appropriations for additional expenditures.

E. Assets, Liabilities and Net Position or Equity

1. Cash, cash equivalents and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are carried at fair value, except for the position in local government investment pools. Fair value is determined as the price at which two willing parties would complete an exchange.

The City uses a pooled cash and investment fund to hold and account for all of the City's investments. For financial reporting purposes, the investment balances in the pooled fund are allocated back to the individual funds based on their respective share of the pooled total. Interest earned on investments is also allocated back and recorded directly to the individual funds on a monthly basis.

2. Receivables

Outstanding balances between funds are reported as "interfund receivables/payables." Any residual balances between governmental activities and business-type activities are reported in the government-wide statements as "internal balances."

Trade, property tax receivables, and municipal court receivables are shown net of an allowance for uncollectible accounts. The City accrues amounts for utility services provided in September, but not billed at September 30, 2023.

3. Inventories

Inventories of supplies are maintained at the City warehouse for use by all City funds and are accounted for by the consumption method. Cost is determined using a moving average method. No inventories exist in the governmental fund types.

4. Prepaid items

Certain costs applicable to future accounting periods are recorded as prepaid items. Most of these balances are due to payments into an account for energy settlements in the Electric Fund and health claims in the Employee Insurance Fund.

5. Other Assets

Certain costs applicable to future accounting periods are recorded as other assets. In a prior fiscal year the City fully impaired its TMPA prepaid purchase power due to a permanent closure in generation and subsequent sale of the plant. The impaired amount was recorded as an Other Asset (regulatory) to be amortized over 7.5 years in the electric fund, of which 2.5 years is remaining in the electric fund to be recovered through rate revenues. See note IV.F. for more information on Other Assets and V.E. *Agreement with TMPA* for further information regarding TMPA.

6. Restricted assets

Certain proceeds of the City's governmental and proprietary fund general obligation bonds and certificates of obligation, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Assets collected from impact fees are limited by state statute in use and also shown as restricted on the balance sheet of the Water and Wastewater funds.

7. Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. The City defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if

purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings	40
Infrastructure	20 – 40
General improvements	10
Machinery and equipment	10 – 20
Furniture and office equipment	10
Computer equipment/software	3 – 10
Plant and equipment	5
Underground pipe	40
Water storage rights	50 – 100
Water recreation rights	50
Communication equipment	5
Vehicles	3 – 10
Leases	1 – 100
Subscription-based IT agreement	1 – 5

Renewals and betterments of property and equipment are capitalized, whereas normal repair and maintenance are charged to expense as incurred.

8. Compensated absences

The City allows full-time employees to accumulate unused vacation time without a maximum balance. Upon termination, accumulated vacation time up to 320 hours (480 for civil service fire employees) will be paid to an employee. Generally, sick leave is not paid upon termination except for civil service fire fighters and police officers. Firefighters and police officers accumulate for payout unused sick leave up to a maximum of 1080 hours and 720 hours, respectively. All other employees are paid only upon illness or other valid sick leave uses while employed by the City. Accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements but have not been paid this amount at the end of the fiscal year. The General Fund and Other Governmental Funds are used to record any payout expenditures of the governmental funds' employees and related liability, while proprietary fund payouts for their employees are recorded as reductions to the liabilities in those funds.

9. Arbitrage

Arbitrage involves the investment of the proceeds from the sale of tax-exempt bonds in taxable instruments and securities authorized by the Public Funds Investment Act (Texas Government Code, Chapter 2256) that yield a higher rate, resulting in interest revenue in excess of interest costs. Federal tax code requires that these excess earnings be rebated to the federal government. The Capital Projects Fund has been used in prior years to liquidate governmental funds' related liability. There were no arbitrage payments in the current fiscal year.

10. Pensions

For purposes of measuring the net pension liability, pension-related deferred outflows and inflows of resources, and pension expense, information about the Fiduciary Net Position of the Texas Municipal

Retirement System (TMRS) and the Firemen's Relief and Retirement Fund (FRRF) and additions to/deductions from TMRS's and the FRRF's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS and the FRRF. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Other post-employment benefits

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefit Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year rather than prefunding. Benefit payments are treated as being equal to the City's yearly contribution for retirees. For purposes of measuring the total SDBF OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total SDBF liability and additions to/deductions from the City's total SDBF liability have been determined on the same basis as they are reported by TMRS. The SDBF expense and deferred (inflows)/outflows of resources related to SDBF, primarily result from changes in the components of the total SDBF liability. Most changes in the total SDBF liability will be included in SDBF expense in the period of the change. For example, changes in the total SDBF liability resulting from current-period service cost, interest on the Total OPEB Liability, and changes of benefit terms are required to be included in SDBF expense immediately. Changes in the total SDBF liability that have not been included in SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to SDBF.

The City provides post-employment medical care (Medical OPEB) for retired employees through a single-employer defined benefit medical plan. The plan provides medical benefits for eligible retirees, their spouses, and their dependents through the City's group health insurance plans. By providing retirees with access to the City's healthcare plans based on the same rates it charges to active employees, the City is in effect providing a subsidy to retirees. This implied subsidy exists because, on average, retiree healthcare costs are higher than active employee healthcare costs. By the City not contributing anything toward the plan in advance, the City employs a pay-as-you-go method through paying the higher rate for active employees each year. The City also contributes up to $200 per month, based on years of service, toward the cost of retiree coverage. As an irrevocable trust has not been established, the plan is not accounted for as a trust fund. For this purpose, plan contributions are recognized in the period that the direct and indirect subsidies are paid by the City. Total OPEB liability, OPEB-related deferred outflows and inflows of resources, and OPEB expense is based on the actuarial measurement dates.

12. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Gain/loss on refunding are reported as deferred outflow/inflow and recognized as a component of interest expense over the remaining life of the old debt or life of the new debt, whichever is shorter.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

13. Fund equity

The City follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and in accordance with the statement, the classifications of governmental fund balances are presented as follows:

*Nonspendable fund balance*s – includes amounts not in a spendable form or are legally or contractually required to be maintained intact. Examples include inventory or endowments.

Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, creditors, grantors, and contributors or through enabling legislation.

Committed fund balance – includes amounts that can be used only for the specific purposes determined by the City Council through an ordinance and may only be changed or lifted through another ordinance. The ordinance must either adopt or rescind the commitment, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

Assigned fund balance - comprises amounts intended to be used for specific purposes. Intent can be expressed by the City Council, or per the policy adopted by an ordinance by the City Council, the City Manager or the City Manager's designee (assistant city manager) may also make an assignment. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed and, at a minimum, is intended for the purpose of that fund.

Unassigned fund balance – is the residual classification of the general fund and includes all amounts not constrained in the other classifications. Unassigned amounts are technically available for any purpose. The General Fund is the only fund to report a positive unassigned fund balance amount. However, other governmental funds may report a negative unassigned fund balance as necessary if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned for those purposes.

When multiple categories of fund balance are available for expenditure and approved for use by the City Council, the City will start with the most restricted category and spend those funds first before moving down to the next category with available funds. Normally this would result in the use of restricted, then committed, then assigned, and lastly, unassigned fund balance.

14. Minimum fund balance policy

It is the goal of the City to achieve and maintain an unassigned fund balance in the General Fund equal to 20% of budgeted expenditures. An additional 5% resiliency reserve (25% combined total) may be maintained to safeguard against unusual financial circumstances or economic downturns.

15. Net position

Net position represents the difference between assets, deferred inflows, deferred outflows, and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

16. Deferred outflows and inflows of resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and will not be

recognized as an outflow of resources, either expenses or expenditures, until that time. The City reports the following items qualifying for this category:

- Deferred loss on refunding reported in the statements of net position - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price and is amortized over the shorter of the life of the refunded or refunding debt.
- Deferred pension actuarial losses reported in the statement of net position – A deferred charge is recorded for the difference between actual experience and expected experience during the period between two actuarial valuations and is amortized over future periods.
- Deferred pension and other postemployment benefit plan contributions reported in the statement of net position – A deferred charge is recorded for pension contribution amounts paid by the City after the current year's measurement date (December 2022) and will be fully recognized as a reduction of the respective liability in the next period on the next measurement date (December 2023).
- Deferred pension and other postemployment benefit plan actuarial assumption changes – A deferred charge is recorded for the difference due to assumption changes and amortized over future periods.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources, or revenues, until that time. The City reports the following items qualifying for reporting in this category:

- Deferred gain on refunding reported in the statements of net position - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price and is amortized over the shorter of the life of the refunded or refunding debt.
- Deferred pension excess earnings reported in the statement of net position – A deferred charge is recorded for the difference between actual investment earnings and expected investment earnings during the period and is amortized over future periods.
- Deferred pension and other postemployment benefit plan actuarial gains reported in the statement of net position – A deferred charge is recorded for the difference between actual experience and expected experience during the period between two actuarial valuations and is amortized over future periods.
- Deferred pension and other postemployment benefit plan actuarial assumption changes – A deferred charge is recorded for the difference due to assumption changes and amortized over future periods.
- Deferred amounts related to leases are reported for leases in which the City is the lessor – A deferred amount recorded to initially offset the total lease receivable recorded at lease commencement and is subsequently amortized as lease revenue over the life of the lease term.
- Deferred unavailable revenues reported on the balance sheet of the governmental funds – A deferred amount is recorded for the billed revenues not yet collected or available. These amounts are deferred and recognized as inflow of resources in the period the amounts become available.

17. Leases

A lease is defined as a contract conveying control of the right to use another entity's nonfinancial asset as specified in the contract for a period of greater than one year, in an exchange or exchange-like transaction.

City as lessee

The City is currently a lessee for noncancelable leases of land, buildings, equipment, or other assets. The City recognized a lease liability and an intangible right-to-use leased asset (lease asset) in the Government-wide and Proprietary Fund financial statements. Reporting includes lease assets with

depreciable capital assets and lease liabilities with long-term liabilities. At the commencement of a lease, the City measured the lease liability at the present value of payments expected to be made over the course of the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments. The lease asset is measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the remaining lease term. Variable lease payments based on usage of the underlying assets are not included in the lease liability calculations but are recognized as outflows of resources in the period in which obligations are incurred.

Key estimates and judgements related to leases in which the City would be a lessee are as follows:

- The lease term includes the noncancelable period of the lease. Extension options are included in the lease term unless it is reasonably certain that they will not be exercised.
- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- Leases with payments depending on an index or rate, such as the Consumer Price Index or market rate, are initially measured using the index or rate as of the commencement of the lease term.
- Leases with periodic percentage payment increases or flat rate payment increases specified in the lease terms are included in the measurement of the lease liability.

The City monitors changes in the circumstances requiring remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities.

City as lessor

The City is a lessor for noncancelable leases of land, buildings, and equipment. The City recognizes a lease receivable and a deferred inflow of resources in the Government-wide, Governmental, and Proprietary Fund financial statements. At the commencement of a lease, the City measures the lease receivable at the present value of payments expected to be received over the life of the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the lease term.

Key estimates and judgements related to leases in which the City is a lessor are as follows:

- The lease term includes the noncancelable period of the lease. Extension options are included in the lease term unless it is reasonably certain that they will not be exercised.
- The City uses its incremental borrowing rate as the discount rate for leases.
- Leases with payments depending on an index or rate, such as the Consumer Price Index or market rate, are initially measured using the index or rate as of the commencement of the lease term.
- Leases with periodic percentage payment increases or flat rate payment increases specified in the lease terms are included in the measurement of the lease receivable.

The City monitors changes in circumstances requiring a remeasurement of its leases and will remeasure the lease receivables and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivables.

18. Subscription-Based Information Technology Agreements (SBITA)

GASB 96 defines a SBITA as a contract that conveys control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets, as specified in the contract for a period in an exchange or exchange-like transaction. The City recognizes a subscription liability and an intangible subscription right-of-use asset at the beginning of the subscription term that have a term exceeding one year and the cumulative future payments on the contract exceed

$100,000 unless the contract is considered a short-term SBITA. A SBITA asset is measured based on the net present value of subscription payments expected to be made during the subscription term, using the incremental borrowing rate, and is amortized using the straight-line method over the shorter of the subscription term or the useful life of the underlying IT assets. Re-measurement of a subscription liability occurs when there is a change in the contract term and/or other changes that are likely to have a significant impact on the subscription liability.

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

An element of that reconciliation states, "Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded payments." The details of this ($37,564,497) difference are as shown on the following page:

Debt issued or incurred:	
Issuance of general obligation debt	$ (40,485,000)
Issuance of certificates of obligation	(29,810,000)
Principal repayments:	
General obligation debt principal retirement	13,580,789
Certificates of obligation principal retirement	8,975,000
Refunded debt principal	10,174,714
Net adjustment to decrease net changes in fund balances - total governemental funds to arrive at changes in net position of governmental activities	$ (37,564,497)

Another element of that reconciliation states, "The net effect of various miscellaneous transactions involving capital assets (i.e., subscription-based IT agreements, leases, sales, trade-ins and donations) is to decrease net position." The details of this ($5,250,530) difference are as follows:

Net effect of transactions involving asset retirements/disposals	$(14,045,731)
Donations of capital assets increase net position in the statement of activities but do not appear in the governmental funds because they are not financial resources	8,795,201
Net adjustment to increase net changes in fund balances - total governmental funds	$ (5,250,530)

Another element of that reconciliation states, "Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of the ($2,894,878) difference are as follows:

Change in:		
Compensated absences	$	(242,695)
Net pension liability		(56,211,506)
Municipal pension deferred actuarial gains/losses		52,772,711
Municipal pension deferred contributions		1,374,743
Municipal pension deferred assumption changes		(751,392)
Municipal pension deferred economic differences		1,212,547
Total OPEB liability		5,083,946
OPEB deferred contributions		112,846
OPEB deferred assumption changes		(6,203,078)
OPEB deferred economic differences		190,028
Accrued interest		(233,028)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$	(2,894,878)

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Equity

The Materials Management, Risk Retention, Engineering Services, Customer Service, and Facilities Management internal service funds had deficit net positions of ($551,594), ($4,664,170), ($3,383,908), ($1,685,966), and ($92,440), respectively, due to the implementation of GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27"* and GASB Statement No.75 *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"(OPEB)* which resulted in an increase in the net pension liability and the total OPEB liability in the prior years during implementation.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

In order to facilitate effective cash management practices, the operating cash of all funds is pooled into a common account for the purpose of increasing income through combined investment activities. At year-end, the City had $194,955,299 in cash and cash equivalents of which $13,018 is in petty cash.

The Public Funds Investment Act (Texas Government Code) authorizes the City to invest in obligations of the U.S. Treasury, U.S. agencies, fully collateralized repurchase agreements, public fund investment pools, SEC-registered no-load money market mutual funds, municipal securities of any state rated A or better, certificates of deposit (fully collateralized, insured, and standby letters of credit backed), and commercial paper rated not less than A-1 or P-1 with a stated maturity of no more than 365 days. The City's investment policy may further restrict those investment options. The investments reported on September 30, 2023 were similar to those held during the fiscal year.

The City reports all investments in the financial statements at fair value. At September 30, 2023, the City's investments carried a fair value of $763,544,853, of which $177,435,217 was in a local governmental

investment pool which the City classifies in the financial statements as cash equivalents, resulting in $586,109,636 of investment balances reported in the financial statements.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application establishes an authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets a government can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input significant to the entire measurement.

At September 30, 2023, the City had the following recurring fair value investments:

		Fair Value Measurement Method			
	9/30/2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Percent of Total Investments	Weighted Average Maturity (Days)
Investments Measured at Amortization Cost:					
TexSTAR - Investment Pool	77,435,217			10.14%	1
TexPool - Investment Pool	100,000,000			13.10%	1
Investments by Fair Value Level:					
Debt Securities:					
U.S. Treasury Securities	231,087,093	-	231,087,093	30.27%	259
U.S. Treasury Securities - Discount	49,432,220	-	49,432,220	6.47%	78
U.S. Agency Securities	173,366,538	-	173,366,538	22.71%	269
U.S. Agency Securities - Callable	48,760,690	-	48,760,690	6.39%	571
Commercial Paper	83,463,095	-	83,463,095	10.93%	114
Municipal Bonds - Coupon	-	-	-	0.00%	0
Total Investments	763,544,853	-	586,109,636		
Total Cash and Investments	763,544,853	-	586,109,636		
Portfolio Weighted Average Maturity					194

Of the investments recorded at fair value, the U.S treasuries, the U.S. agency securities, commercial paper, and municipal bonds are valued based upon observable inputs, including but not limited to, model prices for similar assets, benchmark yield curves, and matrix pricing.

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values due to interest rate fluctuations by limiting the weighted average maturity of its investment portfolio to less than twenty-four months.

Credit risk. The City's investment policy limits investments to obligations of the United States of America and its agencies, investment quality obligations of the State of Texas (including agencies, municipalities, counties, and other political subdivisions) with a rating not less than AA, certificates of deposits and savings

deposits (fully insured, collateralized, or standby letter of credit backed), fully collateralized repurchase agreements, local public fund investment pools with a dollar weighted average maturity of 60 days or less, U.S. government money market mutual funds with a dollar weighted average maturity of 60 days or less and a stable net asset value of $1 for each share, and commercial paper that has a maturity of 270 days or less and a minimum rating of A-1, P-1, or an equivalent rating by at least two nationally recognized rating agencies. The City's investments in TexSTAR and TexPool were rated "AAAm" by Standard & Poor's, the highest rating a local government investment pool can achieve.

Custodial credit risk. This is the risk that in the event of a bank or counterparty failure, the City's deposits may not be returned. The policy states that all bank deposits of City funds shall be secured by pledged collateral with a market value equal to no less than 102 percent of the principal plus accrued interest less an amount insured by FDIC. As of September 30, 2023, the bank balance for deposits was $19,080,872 and was fully collateralized by the City's third-party custodian, BNY Mellon.

Concentration of Credit Risk. The City's investment policy minimizes the risk of potential loss by diversifying investment types according to the following limitations based on value: U.S. Treasury bills/notes/bonds (100%), U.S. Agencies and Instrumentalities (100%), State of Texas Obligations – including agencies and local governments (15%), local government investment pools (50% in government securities and 15% in prime securities), repurchase agreements (20%), certificates of deposit (35%), savings deposits (15%), U.S. Money Market Mutual Funds (50%), callable U.S. Agencies and Instrumentalities (20%), and commercial paper (20%).

Local Government Investment Pools. During the year, the City invested in two public fund investment pools, TexSTAR and TexPool. The fair value of the position of TexSTAR is measured at net asset value, and the fair value of the position of TexPool is measured at amortized cost. Each pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds, which may be redeemed daily. As the redemption period is only one day or less, the City classifies these balances in the financials as cash equivalent. The pools may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, a general banking moratorium, or a national state of emergency affecting the pool's liquidity. The City has no unfunded commitments related to the investment pool.

Cash, cash equivalents and investments, at fair value are reported together on the financial statements. Investments, at fair value, by fund were as follows:

	General Fund	Debt Service	Capital Projects	Other Governmental Funds
Unrestricted investments	29,868,832	840,271	167,698,617	35,375,364
Change in fair value	(168,545)	(4,742)	(946,296)	(199,617)
Restricted investments	-	-	-	-
Change in fair value	-	-	-	-
Total	29,700,287	835,529	166,752,321	35,175,747

	Electric	Water	Wastewater	Solid Waste
Unrestricted investments	27,656,115	41,520,024	31,546,798	12,552,906
Change in fair value	(156,059)	(234,291)	(178,014)	(70,834)
Restricted investments	73,509,420	60,359,345	60,997,836	26,466,256
Change in fair value	(414,802)	(340,598)	(344,201)	(149,345)
Total	100,594,674	101,304,480	92,022,419	38,798,983

Unrestricted investments	Airport	Internal Service Funds	Total City Investments
Change in fair value	2,462,726	12,617,086	362,138,739
Restricted investments	(13,897)	(71,197)	(2,043,492)
Change in fair value	2,459,839	3,504,293	227,296,989
Total	(13,880)	(19,774)	(1,282,600)
	4,894,788	16,030,408	586,109,636

B. Property Tax Revenue

Property taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on October 1st and are due and payable at that time; therefore, the legally enforceable claim arises on October 1st. A receivable is recorded at that time. All unpaid taxes levied October 1st become delinquent February 1st of the following year.

Property taxes at the fund level are recorded as receivables and revenue in the period they become available. Current-year revenues recognized are those Ad valorem taxes collected within the current period or soon enough thereafter to pay current liabilities, which is sixty days after year-end. All other outstanding receivables are adjusted from revenue and recognized as deferred inflows of resources for future collections. Current tax collections for the year ended September 30, 2023 were 99.44% of the tax levy. An allowance is provided for delinquent taxes not expected to be collected in the future.

At September 30, 2023, the City had a tax rate of $0.560682 per $100 valuation. Based upon the maximum Ad valorem tax of $2.50 per $100 valuation imposed by Texas Constitutional law, the City had a tax rate margin of $1.939318. Additional revenues up to $321,246,329 could be raised per year based on the current year's certified assessed value of $16,564,912,437 before the limit is reached.

On December 7, 2010, the City Council approved a Tax Increment Financing Reinvestment Zone (TIRZ #1) for the purpose of dedicating the increase in tax revenues generated within the TIRZ district for development in the downtown area of the City for a total of 30 years. The tax increment to be paid is 100% of the increment in years 1-5, 95% in years 6-10, 90% in years 11-20, and 85% in years 21-30. In fiscal year 2023, the total assessed value of $249,149,564 after supplemental adjustments for TIRZ #1 was an increase of $169,792,710

over the base fiscal year 2011 assessed value and resulted in $856,797 of property tax revenue recorded in the TIRZ Fund as part of All Other Special Revenue Funds.

On December 18, 2012, the City Council approved a Tax Increment Financing Reinvestment Zone (TIRZ #2) for the purpose of dedicating 40% of the increase in tax revenues generated within the TIRZ district for development in the Westpark Industrial District for a total of 25 years. In fiscal year 2023, the assessed value of $270,388,646 after supplemental adjustments was an increase of $270,269,188 over the base fiscal year 2014 assessed value and resulted in $606,140 of property tax revenue recorded in the TIRZ Fund as part of All Other Special Revenue Funds. Denton County participates in the zone and based on their tax rate and a participation contribution of 40% of the County's tax rate, $235,181 of property tax revenue was generated for Fiscal Year 2023.

The City created the Rayzor Ranch Public Improvement District No. 1 in 2014 for the undertaking and financing of public improvements authorized by Chapter 372 of the Texas Local Government Code. The project is located on the City's northern sector, east of Interstate 35, and encompasses approximately 229.693 contiguous acres. The estimated costs of the proposed public improvements total $40 million. The authorized improvement costs will be apportioned 100% to the District. The method of assessment will impose equal shares of the costs of the proposed public improvements on parcels that are similarly benefited. No City property will be assessed, and the City will not be obligated to pay any assessments.

C. Receivables

Receivables at September 30, 2023 for the City's individual major funds and other funds (non-major funds, internal service funds and fiduciary funds), including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Capital Projects	ARPA	Other Governmental Funds	Electric
Receivables:						
Taxes	11,246,488	622,961	-	-	306,645	-
Accounts	312,373	-	-	-	72,363	15,236,531
Accrued interest	198,376	5,581	1,113,782	9,744	234,947	671,898
Unbilled utility service	-	-	-	-	-	10,813,193
Lease	123,492	-	-	-	-	1,329,065
Other	10,672,033	-	-	-	91,991	8,092,653
Gross receivables	22,552,762	628,542	1,113,782	9,744	705,946	36,143,340
Less: Allowance for uncollectibles	(9,760,211)	(247,128)	-	-	(46,104)	(906,871)
Net Total receivables	$ 12,792,551	$ 381,414	$ 1,113,782	$ 9,744	$ 659,842	$ 35,236,469

	Water	Wastewater	Solid Waste	Airport	Internal Service Funds	Total
Receivables:						
Taxes	-	-	-	-	-	12,176,094
Accounts	4,308,502	2,154,173	1,888,013	84,696	412,229	24,468,880
Accrued interest	676,639	614,641	259,149	32,693	107,070	3,924,520
Unbilled utility service	3,131,546	2,067,728	1,904,806	-	-	17,917,273
Lease	-	-	700,620	-	1,177,603	3,330,780
Other	-	979	2,632	13,181	-	18,873,469
Gross receivables	8,116,687	4,837,521	4,755,220	130,570	1,696,902	80,691,016
Less: Allowance for uncollectibles	(335,358)	(193,420)	(158,301)	(10,790)	(51,820)	(11,710,003)
Net Total receivables	$ 7,781,329	$ 4,644,101	$ 4,596,919	$ 119,780	$ 1,645,082	$ 68,981,013

D. Capital Assets

Capital asset balances and transactions for the year ended September 30, 2023 are summarized below and on the following page.

Governmental activities:	Balance at October 1, 2022	Transfers and Increases	Transfers and Decreases	Balance at September 30, 2023
Capital assets not being depreciated/amortized:				
Land	$ 30,864,802	$ 16,721,390	$ (107,348)	$ 47,478,844
Construction in progress	330,271,457	110,216,057	(117,691,850)	322,795,664
Total capital assets not being depreciated/amortized	361,136,259	126,937,447	(117,799,198)	370,274,508
Capital assets being depreciated/amortized:				
Buildings	102,555,355	14,504,360	-	117,059,715
Infrastructure	364,541,522	71,266,549	(10,969,103)	424,838,968
Machinery, equipment, and other improvements	151,522,783	17,914,798	(2,637,071)	166,800,510
SBITA assets	-	12,220,566	-	12,220,566
Lease Assets	-	300,845	-	300,845
Total capital assets being depreciated/amortized	618,619,660	116,207,118	(13,606,174)	721,220,604
Less accumulated depreciation/amortization for:				
Buildings	36,769,426	2,568,574	-	39,338,000
Infrastructure	217,122,431	15,771,228	(117,932)	232,775,727
Machinery, equipment, and other improvements	101,353,960	10,338,980	(2,034,785)	109,658,155
SBITA assets	-	3,270,121	-	3,270,121
Lease Assets	-	56,408	-	56,408
Total accumulated depreciation/amortization	355,245,817	32,005,311	(2,152,717)	385,098,411
Total capital assets, being depreciated/amortized, net	263,373,843	84,201,807	(11,453,457)	336,122,193
Governmental activities capital assets, net	$ 624,510,102	$ 211,139,254	$ (129,252,655)	$ 706,396,701

(continued)

Business-type activities:	Balance at October 1, 2022	Increases	Transfers and Decreases	Balance at September 30, 2023
Capital assets not being depreciated/amortized:				
Land	$ 76,043,810	$ 12,182,990	$ -	$ 88,226,800
Construction in progress	227,112,189	160,674,552	(77,882,531)	309,904,210
Total capital assets not being depreciated/amortized	303,155,999	172,857,542	(77,882,531)	398,131,010
Capital assets being depreciated/amortized:				
Buildings	40,462,722	273,763	(388,582)	40,347,903
Landfill improvements	32,574,421	135,575	-	32,709,996
Water rights	69,883,098	-	-	69,883,098
Infrastructure	689,000,039	47,306,324	-	736,306,363
Plant, machinery, equipment, and other improvements	902,991,747	40,904,977	(26,433,366)	917,463,358
SBITA assets	-	4,000,312	-	4,000,312
Total capital assets being depreciated/amortized	1,734,912,027	92,620,951	(26,821,948)	1,800,711,030
Less accumulated depreciation/amortization for:				
Buildings	12,984,804	1,078,123	(388,582)	13,674,345
Landfill improvements	28,719,279	1,632,696	-	30,351,975
Water rights	23,230,246	695,990	-	23,926,236
Infrastructure	228,706,937	18,609,020	114,830	247,430,787
Plant, machinery, equipment, and other improvements	301,532,014	33,879,007	(20,793,751)	314,617,270
SBITA assets	-	968,645	-	968,645
Total accumulated depreciation/amortization	595,173,280	56,863,481	(21,067,503)	630,969,258
Total capital assets, being depreciated/amortized, net	1,139,738,747	35,757,470	(5,754,445)	1,169,741,772
Business-type activities capital assets, net	$ 1,442,894,746	$ 208,615,012	$ (83,636,976)	$ 1,567,872,782

Depreciation and amortization expense was charged to activities of funds/functions/programs as follows:

Governmental activities:	
General government	$ 7,704,676
Public Safety	4,985,900
Public Works	11,711,986
Parks & Recreation	2,960,853
Capital assets held by the internal service funds are charged to the various functions based upon usage	4,641,896
Total depreciation expense - governmental activities	$ 32,005,311
Business-type activities:	
Electric	$ 27,500,779
Water	10,201,146
Wastewater	10,912,258
Solid Waste	7,135,414
Airport	1,113,884
Total depreciation expense - business-type activities	$ 56,863,481

Construction commitments:

The City has several major construction/capital projects planned or in progress as of September 30, 2023. These projects are evidenced by contractual commitments with contractors and include:

Project	Spent-to-Date	Remaining Commitment
2019 Street Reconstruction	51,323,245.88	29,427,301.38
Bonnie Brae	60,095,762.75	24,770,844.31
I-35N 380 to Milam	4,256,060.10	18,805,628.10
Mayhill at DCTA Bridge	13,738,128.83	13,734,263.81
Hickory Substation Reconstruct	35,309,052.81	12,453,532.36
Northwest Water Transmission Line	4,687,175.43	10,313,855.83
Hickory Creek Road	42,097,564.98	9,443,151.27
TxDOT I-35N Wastewater Line Relocation	606,700.25	8,008,749.52
FY22/23 Transformers	4,624,481.32	7,389,440.81
Lake Lewisville Water Treatment Plant	119,082.35	6,091,198.42
Fire Station 9	7,642,565.13	4,413,509.31
Hickory Creek Interceptor	11,835,940.42	3,821,867.71
PSA-Power Engineers-Prg Mngmnt	197,601.86	3,607,861.99
Solids Handling Improvements	11,542,831.82	3,446,071.16
Robson Ranch Sewer	3,194,890.26	3,137,472.60
NBHD 1B - Water/Wastewater/Sidewalks/Streets	12,331.08	3,076,950.72
PSA - Teague, Nall & Perkins	85,353.17	3,015,549.58

E. Interfund Receivables, Payables and Transfers

A summary of interfund receivables and payables (in thousands) at September 30, 2023, is as follows:

	Interfund Receivables:				
	Governmental Major Funds	Business-Type Major Funds			
Interfund Payables:	General Fund	Electric	Water	Wastewater	Total
Non-Major Governmental Funds	$ 988	$ -	$ -	$ -	$ 988
Internal Service Funds	925	14,583	1,845	347	17,700
Total	$ 1,913	$ 14,583	$ 1,845	$ 347	$ 18,688

The more significant interfund receivables and payables include the following:

Interfund receivables	Interfund payables	Amount
Electric fund	Internal service funds-materials management	$ 14,582,614
Water fund	Internal service funds-materials management	$ 1,845,326
General fund	Internal service funds-materials management	$ 925,159
General fund	Non-Major Governmental Funds	$ 988,305
Wastewater fund	Internal service funds-materials management	$ 346,901

The outstanding balances between the Electric, Water, Wastewater, and General Fund related to the Materials Management Fund are a result of the cash position in the Materials Management Fund due to inventory purchases. The outstanding balance between the General Fund and the Non-Major Governmental Funds is due to reimbursement timing from outside sources.

Transfers between funds (in thousands) during the year were as follows:

	Transfers Out:									
	Governmental Major Funds			Business-Type Major Funds						
Transfers In:	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Electric Fund	Water Fund	Wastewater Fund	Solid Waste	Airport Fund	Internal Service Funds	Total
Governmental Major Funds:										
General Fund	$ -	$ 16	$ 10	$ -	$ -	$ -	$ -	$ -	$ -	$ 26
Debt Service Fund	-	-	-	-	-	-	-	718	-	718
Capital Projects Fund	3,968	-	17,442	-	-	-	-	-	430	21,840
Non-Major Governmental Funds	7,961	7	-	898	1,242	1,166	-	50	-	11,324
Electric Fund	-	-	-	-	-	-	-	-	-	-
Wastewater Fund	-	-	-	-	-	-	235	-	-	235
Solid Waste Fund	-	-	56	-	-	-	-	-	-	56
Internal Service Funds	-	102	-	-	-	-	-	-	-	102
Total	$ 11,929	$ 125	$ 17,508	$ 898	$ 1,242	$ 1,166	$ 235	$ 768	$ 430	$34,301

The more significant transfers include the following:

Transfers from fund	Transfers to fund	Amount
Other - SRF	Capital Projects	10,986,003
General Fund	Non-Major Gov't – Recreation Fund	5,688,179
Non-Major Gov't – Street Improvement Fund	Capital Projects	5,581,500
General Fund	Capital Projects	4,537,024
Water, Wastewater and Debtservice	Other - SRF	4,273,127
Business-type Major Funds (Electric, Water, and Wastewater)	Non-Major Gov't – Street Improvement Fund	1,306,035
Business-type Major Funds - Airport	Debt Service Fund	717,980

Transfers from Other-Special Revenue Funds (SRF) were to fund road capital projects. Transfers from the General Fund to the Non-Major Governmental Fund – Recreation was an operating subsidy as part of centralizing Park recreation programs all within the Recreation Fund. Transfers from the Non-Major Governmental Fund – Street Improvement Fund and from the General Fund were to fund capital projects such as streets, building renovations, equipment, and park improvements. Transfers from the Business-type Major Funds (Electric, Water, and Wastewater) to the Non-Major Governmental Fund – Street Improvement Fund were for bond savings costs related to the issuance of certificates of obligation, which fund street maintenance operations in the Street Improvements Fund. Transfers from Business-type Major Funds – Airport to the Debt Service Fund were to pay for Airport-related debt payments previously paid by property taxes.

F. Other Assets

In March 2010, the City issued Combination Tax & Electric Utility System Revenue Refunding Bonds, Series 2010 with a maturity of 15 years for prepaying certain contractual obligations to TMPA. The principal amount of the bonds was $58,820,000 with a reoffering premium and other bond issuance costs of $3,835,015 for a total of $62,655,015. As the proceeds of this debt issuance were placed with Texas Municipal Power Agency (TMPA) and the City received an economic benefit over a period of years, an Other Asset was recorded in the Electric Fund Statement of Net Position in the amount of $62,655,015. The City is amortizing the Other Asset over a period of 15 years with a half year convention the first and last years. See footnote V.E. for more information on TMPA.

In August 2014, the City issued General Obligation Refunding Bonds, Series 2014A with a maturity of 10 years for prepaying certain contractual obligations to TMPA. The principal amount of the bonds was $11,570,000 with a reoffering premium and other bond issuance costs of $1,848,651 for a total of $13,418,651. As the proceeds of this debt issuance were placed with TMPA and the City received an economic benefit over a period of years, an Other Asset was recorded in the Electric Fund Statement of Net Position in the amount of $13,418,651. The City is amortizing the Other Asset over a period of 10 years.

In August 2015, the City issued General Obligation Refunding Bonds, Series 2015A with a maturity of 9 years for prepaying certain contractual obligations to TMPA. The principal amount of the bonds was $2,955,000 with a reoffering premium and other bond issuance costs of $462,133 for a total of $3,417,133. As the proceeds of this debt issuance were placed with TMPA and the City received an economic benefit over a period of years, an Other Asset was recorded in the Electric Fund Statement of Net Position in the amount of $3,417,133. The City is amortizing the Other Asset over a period of 9 years.

In September 2017, the City impaired 37.9% of the of these Other Assets, for a total of $26,930,415. This was due to TMPA closing its power generation operations to seasonal activities only. The impaired portion was recorded as a GASB 62 Regulatory Asset in Other Assets to be amortized over the existing timelines originally established, through mid-year of fiscal year 2025.

In June 2019, TMPA notified Electric Reliability Council of Texas (ERCOT) of the plan to move the generation plant, Gibbons Creek, to a status of decommissioned and retired. The official effective date was

October 2019. In September 2019, the City impaired the remaining portion of the Other Asset. The remaining impaired portion of the original Other Assets were recorded as a GASB 62 Regulatory Asset in Other Assets to also be amortized over the existing timelines originally established, through mid-year of fiscal year 2025.

In February 2021, the State of Texas experienced unprecedented freezing temperatures that put pressure on the availability of electric power (the "Weather Event"). The price for power increased dramatically during this period due to high demand and limited availability that resulted in Utilities, including the City of Denton Electric Fund, utilizing financial reserves to pay ERCOT for the cost of purchased power to service customers during this period. Due to the unparalleled dollar amount of the purchased power, the City of Denton issued $140 million of commercial paper to provide temporary funding for immediate cash flow needs. In September 2021, the City issued $141,990,000 of revenue refunding bonds to convert the outstanding commercial paper principal plus interest to debt to be paid over a period of 30 years. The Electric Fund recorded $140,000,000 of this purchased power expense as a regulatory asset in Other Assets to be amortized over the period of 30 years, starting with fiscal year ending September 30, 2023.

Capitalized Interest-GASB Statement No. 89, "Accounting for Interest Cost incurred before the end of a Construction Period", was implemented in FY 2022 to eliminate interest associated with the construction of capital assets. As these interest costs add to the full capitalized costs associated with the plant and infrastructure assets and provide an economic benefit over a period of years, a regulatory asset was established to continue capitalized interest for the Electric Fund. The regulatory asset recorded addition an addition of $1,621,039 in FY 2022 and $2,007,873 in FY 2023. These amounts will be amortized over the life of related assets to align with the recovery of costs through rates.

To qualify to utilize GASB 62, the following must apply:

- The regulated business-type activity's rate for regulated services provided to its customers are established by or are subject to approval of
- an independent, third-party regulator or by its own governing board empowered by statute or contract to establish rates that bind customers.
- The regulated rates are designed to recover the specific regulated business-type activity's costs of providing the regulated services.

In view of the demand for the regulated services or products and the level of competition, direct and indirect, it is reasonable to assume that rates set at levels that will recover the regulated business-type activity's costs can be charged to and collected from customers. This criterion requires consideration of anticipated changes in levels of demand or competition during the recovery period for any capitalized costs.

The City of Denton qualifies to utilize GASB 62 due to:

- State and local statues empower the City of Denton City Council to establish retail rates.
- The City of Denton specific costs are recovered through City of Denton retail rates.

Current and projected customer demand support the recovery of City of Denton cost of service.

	Balance at October 1, 2022	Increases	Amortization	Balance at September 30, 2023	Years Remaining
Regulatory Assets:					
2010 TMPA Obligation	$ 10,442,503	$ -	$ 4,177,001	$ 6,265,502	1.5
2014 TMPA Obligation	2,683,730	-	1,341,865	1,341,865	1
2015 TMPA Obligation	759,362	-	379,681	379,681	1
2021 Weather Event	135,560,501	-	4,776,063	130,784,438	28
Capitalized Interest	1,621,039	2,007,873	140,359	3,488,553	5-40
Total Other Assets	$ 151,067,135	$ 2,007,873	$10,814,969	$ 142,260,039	

G. Long-term Debt

Long-term liabilities transactions for the year ended September 30, 2023 are summarized as follows below and on the following pages:

	Balance at October 1, 2022	Increases / Transfer	Decreases / Transfers	Balance at September 30, 2023	Due Within One Year
Governmental Activities:					
General obligation bonds	$ 236,288,240	$ 40,485,000	$ 18,768,240	$ 258,005,000	$ 14,985,000
Certificates of obligation	118,055,000	31,160,000	14,585,000	134,630,000	10,590,000
Compensated absences payable	17,038,863	9,945,971	9,625,855	17,358,979	8,490,308
Claims and judgement payable	6,898,411	30,410,397	28,502,541	8,806,267	4,773,339
Net pension liability	25,220,055	68,237,934	-	93,457,989	-
Other post employment benefits	36,613,908	-	6,424,970	30,188,938	-
Leases payable	-	247,072	-	247,072	-
SBITA payable	-	8,255,975	-	8,255,975	-
Unamortized premium/(discounts)	24,952,600	7,013,914	3,289,034	28,677,480	3,301,775
Total governmental activities long-term liabilities	$ 465,067,077	$ 195,756,263	$ 81,195,640	$ 579,627,700	$ 42,140,422

	Balance at October 1, 2022	Increases	Decreases / Transfers	Balance at September 30, 2023	Due Within One Year
Business-type Activities:					
Revenue bonds	$ 332,955,000	$ -	$ 12,435,000	$ 320,520,000	$ 12,905,000
General obligation bonds	99,701,760	32,140,000	19,941,760	111,900,000	20,080,000
Certificates of obligation	506,945,000	117,980,000	51,640,000	573,285,000	17,230,000
Compensated absences payable	3,173,084	2,970,573	2,585,877	3,557,780	2,633,849
Claims and judgement payable	2,700,000	-	-	2,700,000	-
Net pension liability	16,890,481	27,541,086	-	44,431,567	-
Other post employment benefits	18,028,957	-	3,003,438	15,025,519	-
Notes payable	-	7,500,000	-	7,500,000	-
SBITA payable	-	2,670,421	-	2,670,421	-
Landfill closure/post-closure	11,051,945	1,012,793	-	12,064,738	-
Unamortized premium/(discounts)	57,106,692	10,225,185	8,458,463	58,873,414	7,172,864
Total business-type activities	1,048,552,919	202,040,058	98,064,538	1,152,528,439	60,021,713
Total long-term liabilities	$ 1,513,619,996	$ 397,796,321	$ 179,260,178	$ 1,732,156,139	$ 102,162,135

For Internal Service funds, long-term liabilities are included as part of the above totals for governmental activities. Compensated absences payables and net pension liability balances and payments are based on the assignment of an employee within a fund. Other postemployment benefits are liquidated from the Health Insurance internal service fund, with the retiree subsidy amounts paid predominantly by the General Fund. Claims payable represents an estimate of self-insured claims liability outstanding in the Health Insurance and

Risk Retention internal service funds as well as one possible litigation payable in the Electric Fund. Subscription-Based IT Arrangements (SBITA) and Lease liabilities represent GASB 96 and GASB 87 entries, respectively.

General Bonded Debt - General bonded debt at September 30, 2023, is comprised of the following:

General Obligation Bonds and Certificates of Obligation Debt	Interest Rate (%)	Issue Date	Final Maturity	Original Amount of Issue	Gross Amount Outstanding at September 30, 2023
General obligation refunding	2.0 to 3.5	2014	2034	$ 7,165,000	$ 2,515,000
General obligation refunding	3.0 to 5.0	2015	2035	36,110,000	21,215,000
General obligation refunding	3.0 to 5.0	2016	2036	27,635,000	17,940,000
General obligation refunding	3.0 to 5.0	2017	2037	27,825,000	12,840,000
General obligation	3.0 to 5.0	2018	2038	19,235,000	15,920,000
General obligation refunding	3.0 to 5.0	2019	2039	18,015,000	15,475,000
General obligation refunding	2.0 to 5.0	2020	2040	27,675,000	24,175,000
General obligation refunding	2.0 to 5.0	2020A	2031	1,415,000	1,155,000
General obligation	2.0 to 5.0	2021	2041	54,710,000	51,065,000
General obligation	4.0 to 5.0	2022	2042	57,805,000	55,220,000
General obligation	4.0 to 5.0	2023	2043	40,485,000	40,485,000
Total general obligation bonds				318,075,000	258,005,000
Certificates of obligation	2.0 to 5.0	2014	2034	8,635,000	4,645,000
Certificates of obligation	2.0 to 5.0	2015	2035	7,420,000	2,355,000
Certificates of obligation	3.0 to 5.0	2016	2036	7,190,000	2,895,000
Certificates of obligation	3.0 to 5.0	2017	2037	17,000,000	7,765,000
Certificates of obligation	3.0 to 5.0	2018	2038	9,555,000	4,990,000
Certificates of obligation	3.375 to 5.0	2018	2038	28,170,000	22,315,000
Certificates of obligation	3.0 to 5.0	2019	2039	9,390,000	4,980,000
Certificates of obligation	2.0 to 5.0	2020	2040	24,020,000	20,200,000
Certificates of obligation	2.0 to 5.0	2021	2041	24,735,000	21,825,000
Certificates of obligation	4.0 to 5.0	2022	2044	12,565,000	11,500,000
Certificates of obligation	4.0 to 5.0	2023	2044	31,160,000	31,160,000
Total certificates of obligation				179,840,000	134,630,000
Total general bonded debt				$497,915,000	$ 392,635,000

[These amounts do not include net unamortized premiums/ (discounts) of $28,677,480 nor net deferred gain/ (loss) on refunding of ($228,768).]

Proceeds of general obligation bonded debt are restricted to the uses for which they were approved in the bond elections or, in the case of a refunding issuance, to the uses for which the certificates of obligation were originally issued. The City Charter expressly prohibits the use of bond proceeds to fund operating expenses. The general obligations are collateralized by the full faith and credit of the City and, primarily, payable from property taxes.

In July 2023, the City issued $72,625,000 ($32,140,000 of which is included as part of business-type activities) in general obligation refunding bonds. Of this amount, $31,185,000 was issued to pay the costs of bond election capital improvements for streets in the Capital Projects fund. The remaining $41,440,000 was issued to refund outstanding debt obligations. The reacquisition price was below the net carrying amount of

the old debt by $675,562 ($609,268 of which is reported as a deferred gain in business-type activities). This amount is being amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. The current refunding was undertaken to reduce total debt service payments over 10 years by $1,080,510 and resulted in a net present value savings of $952,653.

In July 2023, the City issued $149,140,000 ($117,980,000 of which is included as part of business-type activities) in certificates of obligation. The debt was issued to pay the costs of various capital improvements in the Capital Projects Fund ($29,810,000), the Electric Fund ($68,255,000), the Water Fund ($19,575,000), the Wastewater Fund ($15,330,000), the Solid Waste Fund ($14,820,000), the Fleet Fund ($1,200,000), and the Technology Fund ($150,000).

On September 30, 2023, the City had no general obligation bonds or certificates of obligation considered defeased but still outstanding.

Business-type Revenue Bonds – Revenue bond debt at September 30, 2023, is comprised of the following issues:

Revenue Bonds	Interest Rate (%)	Issue Date	Final Maturity	Original Amount of Issue	Gross Amount Outstanding at September 30, 2023
Utility system	3.25 to 5.0	2017	2037	$ 214,890,000	$ 182,160,000
Utility system Refunding	0.27 to 5.7	2021	2036	141,990,000	138,360,000
Total revenue bonds				$ 356,880,000	$ 320,520,000

[These amounts do not include net unamortized premiums/ (discounts) of $16,677,583.]

The revenue bonds are collateralized by the revenue of the Denton utility system funds (System) and the related interest and sinking fund. The ordinance provides that the revenue of the System is to be used first to pay operating and maintenance expenses of the System and second to establish and maintain the revenue bond funds. Any remaining revenues may then be used for any lawful purpose. The ordinance also contains provisions, which among other items restrict the issuance of additional revenue bonds unless certain financial ratios are met. Management believes the City is in compliance with all significant requirements. The interest and sinking fund had a net position balance of $15,734,523 as of September 30, 2023 and is restricted for debt service. On September 30, 2023, the City had no revenue bonds considered defeased but still outstanding.

Business-type General Obligation Bonds and Certificates of Obligation – General obligation bonds and certificates of obligation issued for electric, water, wastewater, and solid waste funds at September 30, 2023, is comprised of the following:

General Obligation Bonds and Certificates of Obligation Debt	Interest Rate (%)	Issue Date	Final Maturity	Original Amount of Issue	Gross Amount Outstanding at September 30, 2023
General obligation refunding	3.0 to 5.0	2014A	2025	$ 27,155,000	$ 5,795,000
General obligation refunding	3.0 to 5.0	2015	2035	1,530,000	385,000
General obligation refunding	4.0 to 5.0	2015A	2026	33,945,000	1,480,000
General obligation refunding	3.0 to 5.0	2016	2028	1,295,000	655,000
General obligation refunding	3.0 to 5.0	2016A	2030	38,425,000	21,300,000
General obligation refunding	3.0 to 5.0	2017	2022	1,280,000	-
General obligation refunding	3.0 to 5.0	2019	2039	26,325,000	9,665,000
General obligation refunding	2.0 to 5.0	2020	2040	34,405,000	20,120,000
General obligation refunding	2.0 to 5.0	2020A	2031	12,735,000	10,320,000
General obligation refunding	4.0 to 5.0	2022	2042	13,480,000	10,040,000
General obligation refunding	4.0 to 5.0	2023	2043	32,140,000	32,140,000
Total general obligation bonds				222,715,000	111,900,000
Certificates of obligation	2.0 to 5.0	2014	2044	80,545,000	58,875,000
Certificates of obligation	2.0 to 5.0	2015	2045	85,595,000	65,290,000
Certificates of obligation	3.0 to 5.0	2016	2046	76,115,000	59,150,000
Certificates of obligation	3.0 to 5.0	2017	2047	73,800,000	56,720,000
Certificates of obligation	3.375 to 5.0	2018	2028	1,375,000	760,000
Certificates of obligation	3.0 to 5.0	2019	2049	19,365,000	17,045,000
Certificates of obligation	2.0 to 5.0	2020	2050	34,060,000	31,590,000
Certificates of obligation	2.0 to 5.0	2021	2041	72,300,000	68,490,000
Certificates of obligation	4.0 to 5.0	2022	2044	99,590,000	97,385,000
Certificates of obligation	4.0 to 5.0	2022	2044	117,980,000	117,980,000
Total certificates of obligation				660,725,000	573,285,000
Total business-type G.O./C.O. bonds				$ 883,440,000	$ 685,185,000

[These amounts do not include net unamortized premiums/ (discounts) of $42,195,831 nor net deferred gain/ (loss) on refunding of $252,499.]

Schedule of Long-term Debt Maturities

Aggregate maturities of the long-term debt (principal and interest) for the years subsequent to September 30, 2023 are shown below:

Governmental Activities:

	General Obligation		Certificates of Obligation		Total	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 14,985,000	$ 9,881,230	$ 10,590,000	$ 5,386,537	$ 25,575,000	$ 15,267,767
2025	14,875,000	9,115,393	10,015,000	4,829,856	24,890,000	13,945,249
2026	14,885,000	8,474,656	9,675,000	4,373,606	24,560,000	12,848,262
2027	14,935,000	7,832,156	9,205,000	3,923,456	24,140,000	11,755,612
2028	14,105,000	7,185,975	8,285,000	3,496,550	22,390,000	10,682,525
2029-2033	72,295,000	26,808,166	36,390,000	12,418,475	108,685,000	39,226,641
2034-2038	70,485,000	13,190,731	34,545,000	5,520,772	105,030,000	18,711,503
2039-2043	41,440,000	2,932,744	15,925,000	1,098,806	57,365,000	4,031,550
2044-2048	-	-	-	-	-	-
2049-2053	-	-	-	-	-	-
Total	$258,005,000	$ 85,421,051	$134,630,000	$ 41,048,058	$ 392,635,000	$ 126,469,109

Business-Type Activities:

	General Obligation		Certificates of Obligation		Revenue		Total	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 20,080,000	$ 4,838,289	$ 17,230,000	$ 23,195,182	$ 12,905,000	$ 12,395,313	$ 50,215,000	$ 40,428,784
2025	18,450,000	3,886,875	18,220,000	22,072,676	13,400,000	11,898,018	50,070,000	37,857,569
2026	12,190,000	3,169,725	18,900,000	21,212,676	13,900,000	11,395,282	44,990,000	35,777,683
2027	12,335,000	2,594,125	19,570,000	20,310,525	14,440,000	10,858,300	46,345,000	33,762,950
2028	11,500,000	2,034,350	20,120,000	19,354,625	15,045,000	10,255,530	46,665,000	31,644,505
2029-2033	37,345,000	3,431,275	113,840,000	81,767,204	66,950,000	34,246,510	218,135,000	119,444,989
2034-2038	-	-	128,890,000	56,313,525	101,970,000	24,519,626	230,860,000	80,833,151
2039-2043	-	-	133,045,000	30,738,709	25,290,000	10,831,062	158,335,000	41,569,771
2044-2048	-	-	69,975,000	11,238,997	29,470,000	6,642,486	99,445,000	17,881,483
2049-2053	-	-	33,495,000	2,768,800	27,150,000	1,740,676	60,645,000	4,509,476
Total	$111,900,000	$ 19,954,639	$573,285,000	$ 288,972,919	$ 320,520,000	$ 134,782,803	$ 1,005,705,000	$ 443,710,361

[These amounts do not include net unamortized premiums/ (discounts) of $87,550,894 nor net deferred gain/ (loss) on refunding of $23,731.]

Bonds Authorized and Unissued

General obligation bonds authorized but unissued as of September 30, 2023 amounted to $54,500,000. When issued, the proceeds will be allocated to the applicable street, drainage, police facilities, and parks projects.

All bonds were issued publicly through negotiated or competitive terms with no direct placements. There is no acceleration of maturity of the bonds in the event of default, and the City has never defaulted on the payment of bonds.

Claims and Judgements Payable

Claims and judgements payable include claims payables as part of the City's self-insurance plan, which can be found in note V.D. It also includes a judgement liability of $4,000,000 recorded in the electric fund. Based on the trial court's final reduced jury judgment by the application of statutory caps on damages, the City has accrued the $2.7 million as a long-term liability in the Electric fund. It is possible that the judgment may be reversed or modified on appeal. Additional information regarding the judgement can be found in note V.G. for further information.

H. Landfill Closure and Post-Closure Cost

State and federal laws and regulations require the City to place a final cover on its Mayhill Road landfill site upon closure and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only upon anticipated closure, the City reports a portion of these costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Based on an updated model created by a 2022 engineering study, total landfill closure and post-closure cost as of September 30, 2023 was $55,649,845. The $12,064,738 reported as landfill closure and post-closure care liability as of September 30, 2023 is a $1,012,793 increase from the $11,051,945 liability reported on September 30, 2022. This liability represents the cumulative amount incurred to date based on the use of 21.68% of the estimated capacity of the entire landfill at September 30, 2023. The change in estimated capacity decreased due to the remaining life increasing from updated Permit 1590B approval in August 2021.

Based on this estimate, the remaining potential estimated liability for closure and post-closure care of the entire landfill $43,585,107. The City will recognize the remaining estimated cost of closure and post-closure care as the remaining capacity is filled. These amounts are based on what it would cost to perform closure and post-closure care in 2023. Actual cost may fluctuate due to inflation, changes in technology, or changes in regulations. The landfill has a remaining life of 33 years, and the City expects to close the landfill in fiscal year 2056.

The solid waste fund has provided for a reservation and designation of cash and investments of $13,947,040 at September 30, 2023 and anticipates increasing the reserve in future periods as the closure and post-closure activities are carried out.

I. Leases

The City is a lessor in various noncancelable leases of land, building, and equipment. During fiscal year 2023, the City recognized $197,884 in lease revenue and $53,136 in interest revenue.

As of September 30, 2023, the City's lease receivable balance of $3,330,780 was comprised of the following:

Governmental Activities	
One building lease with rents received totaling in $16,659 during the fiscal year 2023, at an interest rate of 1.20%, with a remaining lease term of 7 years	$ 123,492
One equipment lease with rents received totaling in $44,201 during the fiscal year 2023, at an interest rate of .58%, with a remaining lease term of 3 years	318,440
One land leases with rents received totaling $18,186 during the fiscal year 2023, at an interest rate of 1.88% with remaining lease terms of 45 years	859,162
Business-type Activities	
Various land leases with rents received totaling $137,010 during the fiscal year 2023, at an interest rate of 1.47 to 1.85% to with remaining lease terms ranging from 12 to 25 years	2,029,686
	$3,330,780

The lease receivables are expected to be received in subsequent years as follows:

	Governmental Activities		Business-Type Activities	
Fiscal Year	Principal	Interest	Principal	Interest
2024	$ 95,352	$ 18,932	$ 124,351	$ 31,670
2025	96,195	18,269	126,281	29,740
2026	96,864	17,600	128,241	27,780
2027	50,625	16,995	130,232	25,789
2028	17,425	16,735	682,128	97,975
2029 - 2033	55,491	80,589	491,547	46,757
2034 - 2038	31,424	77,841	150,226	25,377
2039 - 2043	51,692	73,963	164,782	10,822
2044 - 2048	76,533	67,970	31,898	296
2049 - 2053	106,786	59,393	-	-
2054 - 2058	143,427	47,678	-	-
2059 - 2063	187,597	32,174	-	-
2064 - 2068	240,627	12,110	-	-
2069	51,056	7	-	-
	$ 1,301,094	$ 540,256	$ 2,029,686	$ 296,206

The City has various aeronautical leasing agreements for land leases (54 agreements, 5 Licenses, 72 buildings) and hangar space (27) at Denton Enterprise Airport. These qualify as regulated leases and are not included in the measurement of lease receivables, in accordance with the requirements of GASB Statement No. 87. The City recognized $777,020 (Land Lease) and $157,544 (Hangar Lease) in lease revenue during fiscal year 2023 for these leases, which have CPI increases that range from 1-5 years, dependent on the lease terms ranging from 1-30 years, with some leases having additional options that range from 5-20 years. As of October 1, 2023, the minimum payments expected to be received over the next five years is shown in the table below:

Fiscal Year	
2024	$ 877,754
2025	990,761
2026	1,015,491
2027	1,050,948
2028	1,077,185

Additionally, on January 1, 2023, City of Denton, TX entered into a 48-month lease as Lessee for the use of Employee Health Clinic. An initial lease liability was recorded in the amount of $300,845. As of September 30, 2023, the value of the lease liability is $247,072. The City of Denton, TX is required to make monthly fixed payments of $6,018. The lease has an interest rate of 0.2130%. The value of the right to use asset as of September 30, 2023 of $300,845 with accumulated amortization of $56,408. The City has one extension option(s), each for 12 months.

J. Subscription-Based Information Technology Agreements (SBITA)

The City entered into SBITA contracts involving various desktop and server software, electronic workflows and document management software along with other departmental specific operations management systems to assist in operations. As of September 30, 2023, all SBITA have fixed, periodic, payments over

the subscription periods, which range from 1 to 5 years and expire no later than fiscal year 2028. In addition, some of these agreements are cancellable with a 30 or 60-day notice. There are no commitments or outflows of resources related to SBITA that are not yet effective.

The future subscription payments as of September 30, 2023, as follows:

	Governmental Activities		Business-Type Activities	
Fiscal Year	Principal	Interest	Principal	Interest
2025	$1,651,195	$ 38,668	$ 534,084	$ 11,422
2026	1,651,195	38,668	534,084	11,422
2027	1,651,195	38,667	534,084	11,421
2028	1,651,195	38,667	534,084	11,421
2029	1,651,195	38,667	534,085	11,421
	$8,255,975	$193,337	$2,670,421	$ 57,107

V. OTHER INFORMATION

A. Pension Plans

Employee Retirement Plans

The City of Denton participates in two pension plans; Texas Municipal Retirement System (TMRS), an agent-multiple employer traditional, joint contributory, hybrid defined benefit pension plan; and the Denton Firemen's Relief and Retirement Fund (FRRF), a single employer, contributory, defined benefit plan. Both plans are described in detail below. Aggregate amounts for the two pension plans are as follows:

	TMRS	FRRF	Total
Pension liability	$ 642,301,045	$ 152,376,252	$ 794,677,297
Pension assets	519,984,941	136,802,800	656,787,741
Net pension liability	$ 122,316,104	$ 15,573,452	$ 137,889,556
Deferred outflows of resources	$ 64,042,157	$ 12,265,779	$ 76,307,936
Deferred inflows of resources	-	(375,549)	(375,549)
Pension expense	28,999,071	2,336,612	31,335,683

Texas Municipal Retirement Plan

Plan Description

The City of Denton participates as one of 901 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of the System with a six-member, Governor-appointed board of trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly-available annual comprehensive financial report obtainable at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the employee's benefit is calculated based on the sum of the employee's contributions with interest, and the city-financed monetary credits with interest. Employees may choose to receive their retirement benefit in one of seven payments options. Employees may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the employee's deposits and interest.

Upon retirement, the employee's retirement benefits are calculated based on the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest. City-financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits.

- Prior service credit, granted by each city joining TMRS, is a monetary credit equal to the accumulated value of the percentage of prior service credit selected by the City, multiplied by an employee's contributions that would have been made, based on the average salary prior to TMRS participation, for the number of months the employee was employed by the City before joining TMRS, accruing 3% annual interest and including the matching ratio adopted by the City.
- Current Service Credit is a monetary credit for service performed by an employee after the City joined TMRS and is based on a percent (200%) of the employee's total contributions and interest credits (commonly referred to as the City's matching ratio). Each participating city designates the rate the employee contributions (7% for the City) and interest is credited on contribution balances annually at a guaranteed minimum 5% rate. Any change in the matching ratio would be applied prospectively.
- Updated Service Credits (USC) is an optional monetary credit granted on an annually repeated basis by the City, and it may increase an employee's monthly retirement benefit. In calculating USC, TMRS looks at the changes in the employee's salary over their career and any changes the City has made to its TMRS plan, such as the employee contribution rate or the City's matching ratio. Although USC may increase the employee's retirement benefit, USC does not affect the amount of contributions in an employee's account or the amount an employee will receive if they refund.

The plan provisions also include an annually repeating basis cost of living adjustments for retires equal to 70% of the change in the consumer price index. If an employee terminates employment and refunds their account, the employee will receive their total contributions, plus credited interest. The employee will not receive any of the city-financed monetary credits. An employee can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after five years.

Employees Covered by Benefit Terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	884
Inactvie employees entitled to but not yet receiving benefits	851
Active employees	1,355
Total	3,090

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the City Council. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities

created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.87% and 18.15% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023 were $21,104,072 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.50% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Terrm Expected Real Rate of Return (Arithmetic)
Global Equity	35%	7.7%
core Fixed Income	6%	4.9%
Non-Core Fixed Income	20%	8.7%
Real Return	12%	8.1%
Real Estate	12%	5.8%
Absolute Return	5%	6.9%
Private Equity	10%	11.8%
Total	100%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2021	$ 600,289,185	$ 560,080,718	$ 40,208,467
Changes for the year:			
Service cost	19,111,021	-	19,111,021
Interest	40,284,903	-	40,284,903
Change of benefit terms	-	-	-
Difference between expected and actual experience	8,678,564	-	8,678,564
Changes of assumptions	-	-	-
Contributions - employer	-	19,140,875	(19,140,875)
Contributions - employee	-	7,670,708	(7,670,708)
Net investment income	-	(40,913,118)	40,913,118
Benefit payments, including refunds of employee contributions	(26,062,628)	(26,062,628)	-
Administrative expense	-	(353,785)	353,785
Other changes	-	422,171	(422,171)
Net changes	42,011,860	(40,095,777)	82,107,637
Balance at 12/31/2022	$ 642,301,045	$ 519,984,941	$ 122,316,104

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 216,545,504	$ 122,316,104	$ 45,501,845

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Change in Fiduciary Net Position, by Participating City, separately-issued TMRS financial report. That report may be obtained on the Internet at *www.tmrs.com*.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the City recognized pension expense of $7,836,233. This amount is included as part of personnel services expenses.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to TMRS pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual investment earnings	$ 35,798,004	$ -
Contributions subsequent to the measurement date	15,417,601	-
Differences between expected and actual economic experience	12,641,610	-
Difference in assumption changes	184,942	-
Total	$ 64,042,157	$ -

$15,417,601 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the City's fiscal year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense (income) as follows:

For the Year Ended September 30,	Net Deferred Outflows/(Inflows)
2023	$ 6,707,832
2024	12,989,176
2025	12,449,041
2026	16,478,507
2027	-
Total	$ 48,624,556

Denton Firemen's Relief and Retirement Plan

Plan Description

The City contributes to the retirement plan for firefighters in the Denton Fire Department known as the Denton Firemen's Relief and Retirement Fund (the Fund). The Fund is a single employer, contributory, defined benefit plan. The benefit provisions of the Fund are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions. The plan is administered by the Board of Trustees of the Denton Firemen's Relief and Retirement Fund. The City does not have access to nor can it utilize assets within the retirement plan trust. The Fund issues a stand-alone report pursuant to GASB Statement No. 67, which may be obtained by writing the Denton Firemen's Relief and Retirement Fund at P.O. Box 2375, Denton, Texas 76202. See that report for all information about the plan fiduciary net position.

Benefits Provided

Firefighters in the Denton Fire Department are covered by the Denton Firemen's Relief and Retirement Fund which provides service retirement, death, disability, and withdrawal benefits. These benefits fully vest after 20 years of credited service. Firefighters may retire at age 50 with 20 years of service. A partially vested benefit is provided for firefighters who terminate employment with at least 10 but less than 20 years of service. If a terminated firefighter has a partially vested benefit, the firefighter may retire starting on the date they would have both completed 20 years of service if they had remained a Denton firefighter and attained age 50. The present plan effective January 1, 2011 provides a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity, equal to 2.59% of Highest 36-Month Average Salary for each year of service.

A retiring firefighter who is at least age 52 with at least 22 years of service has the option to elect the Retroactive Deferred Retirement Option Plan (RETRO DROP) which will provide a lump sum benefit and a reduced monthly benefit. The reduced monthly benefit is based on the service and Highest 36-Month Average Salary as if the firefighter had terminated employment on their selected RETRO DROP benefit calculation date, which is no earlier than the later of the date the firefighter meets the age 52 and 22 years of service requirements and the date four years prior to the date the firefighter actually retires. Upon retirement, the employee will receive, in addition to the monthly retirement benefit, a lump sum equal to the sum of (1) the amount of monthly contributions the member has made to the Fund after the RETRO DROP benefit calculation date plus (2) the total of the monthly retirement benefits the member would have received between the RETRO DROP benefit calculation date and the date retired under the plan. There are no account balances. The lump sum is calculated at the time of retirement and distributed as soon as administratively possible.

There is no provision for automatic postretirement benefit increases. The Fund has the authority to provide, and has periodically in the past provided, ad hoc postretirement benefit increases.

Employees Covered by Benefit Terms

In the December 31, 2021 actuarial valuation, the following numbers of members were covered by the Fund:

Inactive employees or beneficiaries currently receiving benefits	92
Inactive employees entitled to but not yet receiving benefits	7
Active employees	211
Total	310

Contributions

The contribution provisions of the Fund are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the City.

The contribution policy of the Denton Firemen's Relief and Retirement Fund requires contributions equal to 12.6% of pay by the firefighters, the rate elected by the firefighters according to TLFFRA. The City began contributing in December 2017 according to a new City funding policy. The ordinance defining it includes an actuarially determined contribution rate over a closed 25-year amortization period, a contribution rate of 18.5% for several years, a minimum rate standard, and City review and approval of each actuarial valuation. The December 31, 2022 actuarial valuation includes the assumption the City contribution rate will be 18.5% over the unfunded liability amortization period. The costs of administering the plan are paid from the Fund assets. The City's contributions to the Fund for the year ended September 30, 2023 were $4,804,198.

Ultimately, the funding policy also depends upon the total return of the Fund's assets, which varies from year to year. Investment policy decisions are established and maintained by the board of trustees. For the calendar year ending December 31, 2022, the money-weighted rate of return on pension plan investments was 17.93%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

While the contribution requirements are not actuarially determined, state law requires that each change in plan benefits adopted by the Fund must first be approved by an eligible actuary, certifying the contribution commitment by the firefighters and the assumed city contribution rate together provide an adequate contribution arrangement. Using the entry age actuarial cost method, the plan's normal cost contribution rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the plan's unfunded actuarial accrued liability (UAAL). The number of years needed to amortize the plan's UAAL is actuarially determined using an open, level percentage of payroll method.

Net Pension Liability

The City of Denton's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined based on the actuarial valuation as of December 31, 2022.

Total pension liability	$ 152,376,252
Plan fiduciary net position	136,802,800
City's net pension liability	$ 15,573,452
Plan fiduciary net position as a percentage of the total pension liability	89.8%

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50% per year
Overall payroll growth	3.00% per year, plus promotion, step and longevity increases that vary by service
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS-2010 (public safety) total dataset mortality tables employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2019.

The long-term expected rate of return on pension plan investments is reviewed for each biennial actuarial valuation and was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future net real rates of return by the target asset allocation percentage (currently resulting in 4.96%) and by adding expected inflation (2.5%). In addition, the final 6.75% assumption was selected by "rounding down" and thereby reflects a reduction of 0.71% for adverse deviation. The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Equities		
Large Cap Domestic	40.0%	6.00%
Small/Mid Cap Domestic	10.0%	6.50%
International Developed	10.0%	6.50%
Alternatives		
Master Limited Partnerships	8.0%	6.50%
Real Estate	15.0%	4.50%
Fixed Income	15.0%	1.00%
Cash	2.0%	0.00%
Total	100.0%	
Weighted Average		4.96%

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. No projection of cash flows was used to determine the discount rate because the December 31, 2022 actuarial valuation showed expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 9 years. Because of the 9-year amortization period of the UAAL, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments of 6.75%was applied to all periods of projected benefit payments as the discount rate to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2021	$ 142,439,646	$ 140,537,577	$ 1,902,069
Changes for the year:			
Service cost	4,965,768	-	4,965,768
Interest	9,787,310	-	9,787,310
Change of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Contributions - employer	-	4,545,905	(4,545,905)
Contributions - employee	-	3,096,130	(3,096,130)
Net investment income	-	(6,446,061)	6,446,061
Benefit payments, including refunds of employee contributions	(4,816,472)	(4,816,472)	-
Administrative expense	-	(114,279)	114,279
Net changes	9,936,606	(3,734,777)	13,671,383
Balance at 12/31/2022	$ 152,376,252	$ 136,802,800	$ 15,573,452

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City of Denton, calculated using the discount rate of 6.75%, as well as what the city's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 35,273,538	$ 15,573,452	$ (884,561)

Pension Plan Fiduciary Net Position

The plan fiduciary net position reported above is the same as reported by the Fund. Detailed information about the plan fiduciary net position is available in the Fund's separately issued audited financial statements, which are reported using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Investments are reported at fair value, the price that would be recognized to sell an asset in an orderly transaction between market participants at the measurement date.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the City recognized negative pension expense of $2,336,612. Amounts recognized in the fiscal year represent changes between the current and prior year measurement dates. This amount is included as part of personnel services expenses.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the Fund from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual investment earnings	$ 933,280	$ -
Contributions subsequent to the measurement date	3,506,747	-
Differences between expected and actual economic experience	5,407,801	(375,549)
Difference in assumption changes	2,417,951	-
Total	$ 12,265,779	$ (375,549)

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $3,506,747. will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2023, and the City's fiscal year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense (income) as follows:

For the Year Ended September 30,	Net Deferred Outflows/(Inflows)
2024	$ (1,057,188)
2025	780,350
2026	1,812,996
2027	4,392,413
2028	1,042,326
Thereafter	1,412,586
Total	$ 8,383,483

B. Post-employment Benefits Other than Pensions (OPEB)

The City of Denton provides for two post-employment benefit (OPEB) plans; one provides for post-employment medical care through a single-employer defined benefit medical plan (Medical OPEB), and the other is the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF), a single-employer defined benefit OPEB plan. Both plans are described in detail following.

Aggregate amounts for the two OPEB plans are as follows:

	Medical OPEB	TMRS SDBF	Total
Total OPEB liability	$ 41,482,438	$ 3,732,019	$ 45,214,457
Deferred outflows of resources	$ 5,630,418	$ 1,014,418	$ 6,644,836
Deferred inflows of resources	12,622,440	1,895,755	14,518,195
OPEB expense	3,228,576	265,055	3,493,631

Medical Benefits

Plan Description

The City of Denton provides post-employment medical care (OPEB) for retired employees through a single-employer defined benefit medical plan. The plan provides medical benefits for eligible retirees, their spouses and dependents though the City's group health insurance plans, which covers both active and retired members. The benefits, benefit levels, and contribution rates are recommended annually by the City management as part of the budget process. Any changes in rate subsidies for retirees are approved by the City Council. Since an irrevocable trust has not been established, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

Benefits Provided

The City provides post-employment medical, dental, and vision care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under the Texas Municipal Retirement System or the Denton Firemen's Relief and Retirement Plan. Retirees must make a one-time irrevocable decision to choose benefits at the time of retirement, after that their eligibility for the benefits ceases. However, retirees can move between plans and can add and drop dependents based on qualifying events.

All medical care benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees.

Employees Covered by the Benefit Terms

In the December 31, 2022, actuarial valuation, the following number of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	249
Active employees	1,540
Total	1,789

Funding Policy

The plan premium rates are recommended annually by City management and approved by the City Council as part of the annual budget. The retiree's contribution is the full amount of the actuarially determined blended premium rate less a subsidy dependent upon years of service at retirement. By providing retirees with access to the City's healthcare plans based on the same rates it charges to active employees, the City is in effect providing a subsidy to retirees. This implied subsidy exists because, on average, retiree health care costs are higher than active employee healthcare costs. By the City not contributing anything toward this plan in advance, the City employs a pay-as-you-go method through paying the higher rate for active employees each year. The City contributes $40 per month for each five-year increment of service, up to $200 per month, toward the cost of retiree coverage. The full cost for dental and vision is paid by the retiree. Retirees are required to enroll in Medicare Part B once eligible (age 65) and are moved into a fully-insured Medicare Supplement plan at that time. The same City contribution level applies to the supplement.

Medical OPEB Liability

The City's medical OPEB liability of $41,482,438 was measured as of December 31, 2022, the same date as the actuarial valuation.

Actuarial Methods and Assumptions

The medical OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement date, unless otherwise specified.

Significant method and assumptions used for this fiscal year valuation were as follows:

	Actuarial Assumptions 12/31/2022
Valuation date	December 31,2021
Actuarial cost method	Individual Entry-Age Normal Method
Discount Rate	2.75% as of December 31, 2019 1.84% as of December 31, 2021 4.05% as of December 31, 2022
Inflation rate	2.50% per annum
Projected salary increases	3.50% to 11.50% for TMRS, including inflation 3.00% to 9.18% for Fire, including inflation
Healthcare trend rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years
Mortality	**TMRS:** For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements. **Firefighters:** The gender-distinct PubS-2010 (safety employees) total data set mortality are used. The rates are projected on a fully generational basis using the projection scale MP-2019.
Participation Rates	65% for employees retiring at age 65 or older; 45% for employees retiring between the ages of 50 and 64; 5% for employees retiring between the ages of 45 and 49; 0% for employees retiring before the age 45.

Changes in the Medical OPEB Liability

	Total Medical OPEB Liability
Balance at 12/31/2021	$ 49,266,518
Changes for the year:	
Service cost	3,282,530
Interest	921,256
Difference between expected and actual experience	(42,650)
Changes of assumptions	(10,266,201)
Benefit payments	(1,679,015)
Net changes	(7,784,080)
Balance at 12/31/2022	$ 41,482,438

Total OPEB liability as a percentage of covered payroll was 30.13%.

Sensitivity of the Medical OPEB Liability to Changes in the Discount Rate

The following schedule shows the impact of the medical OPEB liability if the discount rate used was 1% less than (3.05%) and 1% greater than (4.05%) the discount rate that was used (5.05%) in measuring the medical OPEB liability:

	1% Decrease (3.05%)	Current Discount Rate (4.05%)	1% Increase (5.05%)
Total SDBF OPEB liability	$ 45,753,482	$ 41,482,438	$ 37,735,595

Sensitivity of the Medical OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumption

The following schedule shows the impact of the medical OPEB liability if the healthcare trend cost rate used was 1% less than (6.00%) and 1% more than (8.00%) the healthcare cost trend rate that was used (7.00%) in measuring the medical OPEB liability:

	1% Decrease (6.00%)	Current Healthcare Cost Trend Rate Assumption (8.00%)	1% Increase (7.00%)
Total SDBF OPEB liability	$ 38,111,505	$ 41,482,438	$ 45,474,336

Medical OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Medical OPEB

For the year ended September 30, 2023, the City recognized medical OPEB expense of $265,055. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to medical OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 217,802	$ 1,914,043
Changes in actuarial assumptions	3,890,791	10,708,397
Contributions subsequent to the measurement date	1,521,825	-
Totals	$ 5,630,418	$ 12,622,440

Deferred outflows of resources related to OPEB contributions subsequent to the measurement date of $1,521,825 will be recognized as a reduction of the medical OPEB liability for the City's fiscal year ending September 30, 2024. Other amounts reported as deferred outflows of resources related to the medical OPEB will be recognized in OPEB expense as follows:

Year Ending September 30,	Net Deferred Outflows/(Inflows)
2024	$ (975,210)
2025	(975,210)
2026	(983,003)
2027	(1,198,753)
2028	(994,385)
Thereafter	(3,387,286)
Total	$ (8,513,847)

TMRS Supplemental Death Benefit Fund

Plan Description

The City of Denton voluntarily participates in the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF). The SDBF is a defined benefit group-term life insurance Other Postemployment Benefit (OPEB) plan as defined by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. It is established and administered in accordance with the TMRS Act identically to the City's pension plan.

Benefits Provided

The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this system via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1st of any year to be effective the following January 1st.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an "other postemployment benefit" (OPEB) and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan.

Employees Covered by the Benefit Terms

In the December 31, 2022 actuarial valuation, the following number of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	675
Inactive employees entitled to but not yet receiving benefits	251
Active employees	1,355
Total	2,281

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.28% for 2023 and 0.18% for 2022, of which 0.10% for 2023 and 0.09% for 2022, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all the death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contribution to the SDBF for two years ended September 30, 2023 and 2022 were $300,164 and $190,063 respectively, representing contributions for both active and retiree coverage, which equaled the required contribution each year.

Actuarial Methods and Assumptions

The SDBF OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

	12/31/2022
Inflation rate	2.50% per annum
Discount rate	4.05%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.50% to 11.5% including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the following:

Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements. For disabled annuitants, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used with a 4-year set forward for males and a 3-year set forward for females. In addition, a 3.5% and 3% minimum mortality rate is applied to reflect the impairment for younger members who became disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP BB to account for the future mortality improvements subject to the floor. Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

Changes in assumptions reflect the annual change in the municipal bond rate. The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Discount Rate

The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 1.84% was used to measure the SDBF OPEB Liability. Because the plan is essentially a "pay-as-you-go" plan, the single

discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021.

Sensitivity of the SDBF OPEB Liability to Changes in the Discount Rate

The following schedule shows the impact of the SDBF OPEB liability if the discount rate used was 1% less than (3.05%) and 1% greater than 4.05%) the discount rate that was used (5.05%) in measuring the medical OPEB liability:

	1% Decrease (3.05%)	Current Discount Rate (4.05%)	1% Increase (5.05%)
Total SDBF OPEB liability	$ 4,485,461	$ 3,732,019	$ 3,149,220

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs

At September 30, 2023 the City reported a liability of $3,732,019 for its Total SDBF OPEB liability. The total SDBF liability was determined by an actuarial valuation as of December 31, 2022. For the year ended September 30, 2023, the City recognized SDBF OPEB expense of $265,055. There were no changes of benefit terms that affected measurement of the Total SDBF Liability during the measurement period.

Changes in the SDBF OPEB Liability

	Total SDBF OPEB Liability
Balance at 12/31/2021	$ 5,376,347
Changes for the year:	
Service cost	284,912
Interest	100,639
Difference between expected and actual experience	46,933
Changes of assumptions	(1,978,189)
Benefit payments	(98,623)
Net changes	(1,644,328)
Balance at 12/31/2022	$ 3,732,019

Total OPEB liability as a percentage of covered payroll was 3.41%.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to other SDBF post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 66,833	$ 213,335
Changes in actuarial assumptions	706,011	1,682,420
Contributions subsequent to the measurement date	241,574	-
Totals	$ 1,014,418	$ 1,895,755

Other amounts reported as deferred outflows of resources related to SDBF OPEB will be recognized in OPEB expense as follows:

Year Ending September 30	Net Deferred Outflows/(Inflows)
2024	$ (160,412)
2025	(153,807)
2026	(215,944)
2027	(323,506)
2028	(269,241)
Thereafter	-
Total	$ (1,122,910)

C. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. For the calendar years 2022 and 2023 the plan, available to all permanent City employees, permitted them to defer, until future years, up to $20,500 and $22,500 respectively. Employees who are age 50 or older may contribute an additional amount of $7,500, the total not to exceed $30,000 in 2023. Employees who are within three years of retirement eligibility may elect to participate in a catch-up provision allowed by Section 457, which has an annual maximum contribution amount of $41,000 in 2022 and $46,000 in 2023. The withdrawal of deferred compensation funds is only available to employees by loan, termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are, until paid or made available to the employee or other beneficiary, solely the property and rights of the employees. Accordingly, the assets and associated liability of the plan are not included in the City’s financial statements.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan.

D. Self-insurance Plan

The City has established a self-insurance plan for liability and workers' compensation claims in the Risk Retention Fund. Accrued claims payable include provisions for claims reported and claims incurred but not reported. The provision for reported claims is determined by estimating the amount which will ultimately be paid for each claimant. The provision for claims incurred but not yet reported is estimated based on actuarial studies.

It is the practice of the City of Denton not to purchase commercial insurance for workers' compensation claims or general liability. Commercial liability insurance coverage is purchased for general liability, aviation

ground operations liability, auto liability and physical damage, public officials' liability, professional liability for emergency medical service operations, employment practices liability, law enforcement professional liability, cyber, and commercial crime (employee theft and dishonesty).

Additionally, excess insurance is purchased for general liability, flood (for specific properties), and workers' compensation exposures. The City reports liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated to meet the deductible for the policy. Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount.

In January 2008, the City started a self-insured group employee health insurance plan. Claims are paid from the Health Insurance Fund, which has an annually negotiated stop loss provision.

The City's costs associated with the self-insurance plans are interfund transactions. Accordingly, they are treated as operating revenues of the Internal Service Risk Retention Fund and Health Insurance Fund and operating expenditures (expenses) of the other funds and employee payroll deductions.

Claims liabilities are re-evaluated periodically to take into consideration settlement of claims, new claims and other factors. As of September 30, 2023, the estimated value of these liabilities was $8,806,267. Changes in balances of claims liabilities during fiscal years 2023 and 2022 were as shown as follows:

	Claims Liability Beginning of Fiscal Year	Claims and Change in Estimates	Claim Payments	Claims Liability End of Fiscal Year
Worker's Compensation				
2023	$ 2,877,836	$ 1,485,823	$ 1,311,546	$ 3,052,113
2022	$ 2,570,673	$ 1,460,256	$ 1,153,093	$ 2,877,836
General Liability				
2023	$ 1,506,465	$ 567,336	$ 271,641	$ 1,802,160
2022	$ 1,226,589	$ 550,502	$ 270,626	$ 1,506,465
Health Insurance				
2023	$ 2,514,110	$28,357,238	$26,919,354	$ 3,951,994
2022	$ 1,962,033	$25,052,103	$24,500,026	$ 2,514,110

On September 30, 2023, the City of Denton had a negative unrestricted net position of $4,664,170 the Risk Retention Fund and an additional positive net position of $1,832,461 in the Health Insurance Fund for payment of claims, both in addition to the liability balances recorded. There were no significant reductions in insurance coverage from coverage in the prior year, and the amount of settlements did not exceed insurance coverage in the current year or in any of the past three fiscal years.

E. Commitments and Contingencies

Agreement with TMPA

In 1976, the City, along with the cities of Bryan, Greenville, and Garland, Texas (the Cities) entered into a Power Sales Contract with the Texas Municipal Power Agency (TMPA). TMPA was created through concurrent ordinances of the Cities and is governed by a Board of Directors consisting of eight members, two appointed by the governing body of each city. Under the terms of the agreement, TMPA agreed to construct or acquire electric generating plants to supply energy and power to the Cities for a period of not less than 35

years. The Cities in turn agreed to purchase all future power and energy requirements in excess of the amounts generated by their systems from TMPA at prices intended to cover operating costs and retirement of debt. In the event that revenues were insufficient to cover all costs and retire the outstanding debt, each of the cities guaranteed a portion of the unpaid debt based, generally, upon the pro rata share.

TMPA, a municipal corporation, is governed by a Board of Directors consisting of eight members. The governing body of each of the four Cities appoints two members to the Board. An affirmative vote of five Directors, plus a weighted majority vote based on the respective energy usage of the Cities, is required for major decisions.

The City pays TMPA a pro-rated monthly charge based on the City's contractual portion of TMPA's annual fixed operating costs and debt service payments, which is currently 21.3%. As of September 30, 2023, total TMPA long-term debt outstanding was approximately $209,448,000, all of which was transmission debt and has no effect on the term of the contract. All outstanding generation debt was paid off on September 1, 2018.

Effective September 1, 2016, TMPA and the Member Cities entered into a Joint Operating Agreement (JOA). In general, the purposes of the JOA include: (i) funding TMPA operations such as mine reclamation, transmission service, and plant decommissioning following expiration of the Power Sales Contract (PSC); (ii) subject to certain exceptions, requiring Member City approval for the issuance of new debt, the execution of certain significant contracts, and the sale of property exceeding $10 million in value; (iii) specifying provisions for determining how costs of TMPA and proceeds from the sale of assets are to be allocated among the Member Cities; (iv) providing for the establishment by TMPA of reserve funds for the decommissioning of the plant and the indemnification of TMPA Board Members and Member City officials, employees, contractors, and agents; and (v) dividing the operations of TMPA into three business functions (mine, generation, and transmission) and requiring separate budgets and books for each business function.

The PSC provides upon dissolution of TMPA, the assets of TMPA automatically being transferred to the Member Cities, with each Member City receiving an undivided interest in the assets of TMPA in proportion to the amount paid by the Member City to TMPA. The JOA requires TMPA to periodically make this calculation for each business unit and sets out formulas for making these calculations. Under the JOA, these ownership calculations are relevant not only to the allocation of assets upon dissolution of TMPA, but also to the allocation of certain proceeds from the sale of assets, and in some cases, the allocation of TMPA costs.

At the request of a majority of the Member Cities, TMPA is required by the JOA to transfer a divided interest in the transmission system to each Member City. Under this partition process, the objective is for each City to receive ownership of transmission facilities in the vicinity of the Member City, and in proportion to the Member City's ownership interest in the transmission business. Any such transfer of transmission assets must be in compliance with relevant bond covenants, including those requiring defeasance of all or a portion of transmission debt.

The JOA included a reclamation plan for the mine, required the development of a decommissioning plan, and set out standards for environmental remediation. TMPA is required to comply with these plans and standards.

Under the JOA, in discharging its contractual obligations, including mine reclamation, decommissioning, transmission service, environmental remediation, indemnification, and other obligations, TMPA is rendering services to the Member Cities. The JOA obligates each Member City to pay the cost of these services, and to collect rates and charges for electric service sufficient to enable it to pay to TMPA all amounts due under the JOA for these services. The City's payment obligations under the JOA are payable exclusively from such electric utility revenues and constitute an operating expense of the electric system.

Unless terminated earlier through the mutual consent of all parties, the JOA remains in effect until the dissolution of TMPA and the winding up of its affairs.

Effective September 1, 2016, the JOA was amended (Amendment No. 1). The primary purposes of the amendment were to authorize the sale of Gibbons Creek and the sale of the Southern 345 kV Transmission System and to authorize the issuance of refunding bonds in connection with such sales. As the sale contemplated by Amendment No. 1 did not occur, by its own terms, Amendment No. 1 ceased to have any

force or effect. Effective September 22, 2017, the JOA was amended a second time (Amendment No. 2). The purposes of this amendment are to: continue TMPA's authority to issue mine reclamation bonds as had been contemplated in Amendment No. 1; revise the dates on which the separate budgets of the JOA become effective; authorize TMPA to sell certain mining and transmission assets, provided the sales do not exceed in value certain financial thresholds, and provided the sales comply with bond covenants; and allow for an extension to the term of the PSC, applicable only to the cities notifying TMPA of the extension, in order to complete a period of seasonal operation in 2018, or such other period of time as desired by the notifying cities. Pursuant to this provision, the City extended the PSC from September 1, 2018 to September 30, 2018, in order to complete the period of 2018 seasonal operation. As of September 30, 2018, the PSC had expired for all member cities.

On September 17, 2019, the JOA was amended (Amendment No. 3). The amendment defined portions specific to the generation business that had been tied to the expired PSC and clarified all board members may vote on matters involving decommissioning and the sale of the plant. It exempted financial commitments related to bonding from the requirement to obtain approval of all Member Cities relating to certain budget increases. This is to address concerns by the Attorney General of Texas that a potential situation could arise where a Member City could interfere with TMPA's existing bond deposit requirement obligations ("bond reserve equivalent") should that obligation require a 20% increase over the previous year's budget. The amendment also allows for the sale of mine tracts only after the completion of mine reclamation. This would permit the sale of a mine tract subject to bonding provided that the conveyance reserves easements, leases, or other property rights are reserved to enable TMPA to complete reclamation.

On June 28, 2021, the JOA was amended (Amendment No. 4). This amendment modified the agreement to make it unambiguous that in the event that all mining assets are sold, all Member Cities shall remain responsible for the costs of closing the mining operation according to each's percentage share and that these are included: "all obligations are discharged with respect to mine reclamation bonds, surety bonds, banking agreements, letters of credit, and other financial commitments related to providing financial security or assurance for TMPA's mine reclamation responsibilities." Additionally, it modified the agreement by removing the cap on sales of the mining assets and allowed for the sale of the mine as a whole.

Effective September 26, 2017, Gibbons Creek transitioned into a seasonal operations mode, operating during the summer months only (May-September). Due to the significant decline in service utility of the generation assets, such assets were deemed largely impaired as of September 30, 2017. On June 1, 2019, the TMPA Board of Directors voted to permanently retire the generation facility. The City also wholly impaired its TMPA prepaid purchase power due to the retirement and had a remaining balance recorded of $7,987,048 in Other Assets in the Electric fund to be amortized over the remaining 1.5 remaining years. See note IV.F. for more information.

In 2019, TMPA issued a request for proposal involving only the sale of generation assets. Proposals were received in August 2019, and TMPA entered into negotiations with one of the proposers. On December 10, 2020, the TMPA Board of Directors approved a fully negotiated Asset Purchase Agreement (APA) with Gibbons Creek Environmental Redevelopment Group LLC (GCERG). As required by the TMPA Joint Operating Agreement, each TMPA member city was required to approve the APA. On January 26, 2021, the City Council approved the APA with GCERG. On February 10, 2021, TMPA and GCERG closed on the sale of the Gibbons Creek Steam Generation Plant and property. Through the sale, GCERG acquired 6,200 acres including the plant, CCR (coal combustion residuals) units, and reservoir. GCERG must decommission the plant and remediate all CCR units to TCEQ/EPA standards. GCERG provides independent financial security to TMPA for remediation/decommissioning and post closure activities and certain land use limits imposed on CCR containing parcels. The City's Electric fund had a liability recorded for TMPA's decommissioning obligation of $21,167,124 as of September 30, 2020. As part of the sale of Gibbons Creek, the City paid $6,037,368 of this liability in February 2021. The remaining liability of $15,129,756 was recognized as a gain in other non-operating revenues. This sale to GCERG only includes the generation assets and TMPA retained the approximate 11,000 acres associated with the mine land and all transmission assets.

On July 15, 2021, the TMPA Board of Directors authorized the Gibbons Creek Lignite Mine with approximately 11,000 acres to be sold with the sale being finalized in December 2021. The City received its portion of the sale in the amount of $15,174,089 which was recorded as revenues in the Electric fund for the fiscal year ending September 30, 2022. Following the closing, TMPA will continue to conduct mine reclamation activities pursuant to a reclamation easement that will remain in effect until all bonded areas are released from bond.

Selected financial statement information of TMPA is as follows:

	September 30 (Unaudited)	
	2023	2022
	(000s)	(000s)
Operating revenues	$ 34,889	$ 34,281
Operating expenses	16,172	16,855
Operating income	18,717	17,426
Other non-operating sources (uses)	921	(108)
Current unrestricted assets	23,730	24,063
Total assets and deferred outflows	210,205	214,339
Long-term debt – Noncurrent	202,668	205,963
Total liabilities and deferred inflows	235,411	238,321
Total net position	(25,206)	(23,982)

Financial statements for TMPA are available from the TMPA website www.texasmpa.org.

Power Purchase Agreements

Following is a list of power purchase agreements in effect as of the publication date of these financial statements. The information provided is all that is allowed under the confidentiality provision(s) of the particular agreements.

NextEra - In 2009, the City entered into a power purchase agreement for firm energy and associated renewable energy credits with NextEra Energy Power Marketing, LLC.

Santa Rita, Wind - In 2016, the City entered into a 20-year power purchase agreement for wind energy, capacity, and environmental attributes with Santa Rita Wind Energy, LLC.

NextEra - In 2015, the City entered into a 20-year power purchase agreement with Bluebell Solar Energy, LLC, a subsidiary of NextEra Energy, Inc. Under the agreement, the City purchases solar energy, capacity, and environmental attributes commencing from the commercial operation date which was November 2018.

Engie - In 2018, the City entered into a 15-year power purchase agreement with Engie Long Draw Solar, LLC. Under the agreement, which is scheduled to end June 2035, the City will purchase 75 MW of solar generation and environmental attributes. The in-service date was December 29, 2020.

NextEra - In 2018, the City entered into a 15-year power purchase agreement with Bluebell Solar II Energy, LLC, a subsidiary of NextEra Energy, Inc. Under the agreement, the City will purchase 100 MW of solar generation and environmental attributes. Commercial operation was achieved on December 28, 2020.

Samson Solar - In 2018, City of Denton entered into a 15-year power purchase agreement with Samson Solar Energy, LLC. Under the agreement, which was scheduled to end in 2037, the city would purchase 75 MW of solar generation and environmental attributes. Samson Solar Energy LLC alleged various Force Majeure events that impacted the project and ultimately defaulted on the agreement. While the company was in default

of its obligations, the company sent notice to terminate the agreement to the City of Denton. The City is currently in legal proceedings to recover all of its damages.

Encumbrances

As discussed in note I.D., Budgetary information, encumbrances are utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the total amount encumbered in governmental funds expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	$ 2,232,140
Capital Projects Fund	78,212,667
ARPA Fund	1,986,197
Nonmajor Governmental Funds	4,627,611
Total	$ 87,058,615

F. Tax Abatements

The City enters into economic development incentive agreements with entities to promote development and redevelopment within the City, stimulate commercial activity, generate additional sales tax, and enhance the property tax base and economic vitality of the City. Some agreements provide for an abatement of property taxes, while others provide for a rebate of a portion of sales and use tax or a portion of ad valorem (property) tax, as established per the agreements. The incentives are performance-based, and the City generally expects to receive increased revenue because of the agreements. These incentive agreements require approval by a City Council ordinance and are authorized under Chapter 312 (Property Redevelopment and Tax Abatement Act) of the Texas Tax Code and Chapter 380 of the Texas Local Government Code.

Property Tax Abatements

Tax abatements under Chapter 312 of the Texas Tax Code allow the City to designate tax reinvestment zones and negotiate tax abatement agreements with applicants. In 1990, the City Council adopted a resolution setting guidelines and criteria for granting abatements in the reinvestment zones which specifically notes incentives are limited to companies which create new wealth and do not adversely affect existing businesses operating within the City. The City is required to renew/adopt a Tax Abatement Policy every two years in accordance with Chapter 312 of the Texas Tax Code. The last policy was adopted in May of 2022. The abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. For the fiscal year ended September 30, 2023, the City abated property taxes totaling $31,318 under this program, as detailed in the following agreements:

- Peterbilt – In 2016, a 70% tax abatement agreement for a term of eight years was granted to Peterbilt Motors on new capital investments, including the construction of a new stand-alone 102,000 square foot building. In the event of a failure to meet the conditions of the agreement, an increased assessed value of real property of at least $18.5 million, the agreement provides for a full refund of all abatements previously granted plus interest. Peterbilt did not meet the $18,500,000 required threshold for tax year 2022.
- West Gate Business Park (WGBP) – In 2016, a 60% tax abatement agreement for a term of ten years was granted to WGBP on new capital investments only to include Buildings 2 and 3 in the business park. WGBP could receive an additional 10% abatement for the location of a supplier to an existing primary industry and/or an additional 5% for the location of a national headquarters for a total abatement of up to 75%. In the event of a failure to meet the conditions of the agreement, an increased assessed value of real property of at least $3 million, the agreement provides for a full refund of all

abatements previously granted plus interest. The abatement amount for the current fiscal year was $31,318.

The City has an additional abatement agreement not listed above for Tyson Sales and Distribution. The grantee has contracted their expansions in the current economic climate and has not met the timely completion requirements in the Agreement for the construction of the facility. The project will likely be terminated, or the Agreement amended.

Chapter 380 Agreements

The City Council has the authority under Chapter 380 of the Texas Local Government Code to grant or loan City funds to accomplish specific economic development goals. These incentives are considered on a case-by-case basis. The City has target industry sectors for recruitment that will be given priority consideration: aviation/aerospace, advanced manufacturing, renewable energy, research and development, information technology, supply chain for existing primary employers, and significant consumers of municipal utilities. Consideration may also be given for projects causing infill redevelopment or other desirable development objectives and/or any other activity which the City Council determines meets a specific public purpose for economic development.

Eight agreements are based on the contribution in sales, property, and/or hotel tax. For the fiscal year ended September 30, 2023, the City rebated sales taxes totaling $3,129,346 property taxes totaling $1,344,386 ($862,709 of which was paid out of the Westpark TIRZ No. Two), and hotel occupancy taxes totaling $972,652.

Two active agreements are based on Job-based and Expansion/Relocation Grants. For the fiscal year that ended September 30, 2023, the City provided cash grant reimbursements totaling $45,289 for Job-based Grants and Expansion/relocation Grants as detailed in the following agreements:

- Unicorn Lake – In 2004, an agreement was approved for Unicorn Lake, an urban-style mixed-use development. The grantee receives one-third of the City sales tax, or 0.5%, generated by the project for a maximum of fifteen years as reimbursement for public improvement costs related to the project not to exceed $6,664,901 plus accrued interest. The tax rebates initiated in 2010 and will terminate in 2025. The tax rebate amount for the current fiscal year was $85,782.

- Rayzor Ranch – In 2007, an agreement was approved for the Rayzor Ranch mixed-use development. The 410-acre project will have over one million square feet of retail and will be built in two phases. The agreement provides a sales tax reimbursement of one half of the City sales tax, or 0.75%, generated by the project for public improvement costs, which include the widening of a state highway bisecting the project. The grantee will receive a maximum of $20 million over a 15-year term for phase one and a maximum of $48 million over a term of 20 years for phase two. An additional 15% of the City sales tax, or 0.225%, was added to both phases to offset the hotel and convention center costs until $5 million is reached. In the current fiscal year, the tax rebate amount for phase one was $1,579,014 and the tax rebate amount for phase two was $1,048,175.

- Golden Triangle Mall – In 2011, an agreement was approved for a major renovation of the Golden Triangle Mall. A threshold of a minimum $45 to $65 million was required as an investment into the property to receive a one-half share of the sales tax resulting from the renovations, less a monthly mall baseline amount established at $95,898. The total grant payments may not exceed 15.83% of the required investment. GTM Development has invested $49.5 million in the development. Tenant investments in the property amounted to $8.8 million, for a total invest of $58.3 million. Based on this total investment the total grant payment should not exceed $9.2 million. The tax rebates initiated in 2016 and will terminate in 2035. The tax rebate amount for the current fiscal year was $37,963.

- Mayday Manufacturing – In 2012, an agreement was approved for Mayday Manufacturing/Tailwind Technologies for the relocation of the business and expansion of a manufacturing facility. The agreement provides a 75% tax rebate on the increment of property tax revenue generated above the base valuation for a period of ten years. In the event of a failure to meet the conditions of the agreement, an increased assessed value of real property of at least $3 million, the agreement provides for a 50% refund of all rebates previously granted. The tax rebate amount for the current fiscal year was $36,458.

- West Gate Business Park (WGBP) – In 2015, an agreement was approved for West Gate Business Park (WGBP) for industrial development and provided for a 70% rebate of increased City property tax revenue generated for a period of ten years. WGBP includes three multi-tenant buildings totaling 413,000 square feet of new industrial/manufacturing space in the City. In 2016 the agreement was amended to include a 70% rebate on Building 1 improvements and to add a one-time grant payment in the amount of $50,000. The tax rebate amount for the current fiscal year was $35,620.

- WinCo Foods – In 2015, an agreement was approved for WinCo Foods for a $135 million, 800,000 square foot distribution facility expected to create 165 jobs with an annual payroll of around $7.2 million. In the event of a failure to meet the conditions of the agreement, the agreement provides for a 20-50% refund of all rebates previously granted, depending on the timing of a failure. WinCo received reimbursement for infrastructure financing from Water and Wastewater funds and a local sales and use tax grant for the construction and equipping of the facility in prior fiscal years, completing those portions of the agreement. The active portion of the agreement provides for the following:

    - A grant equal to 100% of the incremental property tax generated by the property and paid into the Tax Increment Fund by both the City and the County, paid annually until the full reimbursement of the project costs for public improvements is reached. The tax rebate amount out of the Westpark TIRZ No. Two for the current fiscal year was $862,709 with $621,550 being the City portion of the tax rebate and $241,160 being the County portion of the tax rebate.

    - A grant equal to 60% of City property taxes attributable to improvements resulting in an increase of assessed value of real property improvements and tangible personal property, paid annually until full reimbursement of the project costs for public improvements is reached. Once this full reimbursement is reached, the 60% property tax rebate will continue for a period of four years as long as the increase in investment in improvements is $50 million excluding purchase price of the property. The tax rebate amount for the current fiscal year was $220,338.

- O'Reilly Hotel Partners Denton – In 2015, an agreement was approved for O'Reilly Hotel Partners Denton for a convention center with a hotel and restaurant located in the Rayzor Ranch Town Center. The agreement includes a 100% rebate of the property tax (excluding land, inventory, vehicles, and supplies), hotel occupancy tax, and sales tax generated by the project. The term is for a maximum of 25 years or a combined principal ($28 million) and interest ($26 million) amount of $54 million is reached, whichever comes first. The agreement also includes 100% rebate of the construction sales tax up to $850,000, then 50% thereafter. The construction sales tax rebate portion of the agreement was completed in fiscal year 2017-2018. In the event of a failure to meet the conditions of the agreement, the agreement provides for a 100% refund of all rebates granted in the previous year. The sales tax, property tax, and hotel occupancy tax rebate amounts for the current fiscal year were $71,236, $189.261, and $972,652.08, respectively.

- Buc-ee's Travel Center – In 2015, an agreement was approved for Buc-ee's Travel Center. The agreement provides a sales tax reimbursement of one half of the City sales tax, or 0.75%, generated from businesses located within the property boundaries for a five-year period. At the conclusion of the sales tax reimbursement term, the City has agreed to a one-time cash grant payment of $2 million minus the total sales tax previously reimbursed, only if the grantee has not received a full $2 million in sales tax reimbursements. In addition, at the conclusion of the sales tax reimbursement term, the agreement provides a sales tax reimbursement infrastructure grant of one half of the City sales tax, or 0.75%, generated by the Buc-ee's Travel Center and developed outparcels that contain sit-down restaurants or retail establishments for a period of twenty years. The City has also agreed to pay the grantee one quarter of the City sales tax, or 0.375%, generated by outparcels not included in the previously mentioned infrastructure grant, including fast food restaurants and drive-through uses. The tax rebate amount for the current fiscal year was $307,175.

- TeamOfDefenders– In 2020 an agreement was approved for TeamOfDefenders. The agreement consists of a performance-based five-year expansion grant up to $50,000 to be provided as a reimbursement of actual costs. In addition, the company was awarded a stratified Job-based Grant based on annual wages of new employees, not to exceed $29,500. They were awarded an additional $500 residency bonus for new employees, not to exceed $27,000. The total incentive package is not to exceed $106,500. The Job-based Grant initiated in 2020, but there were no new jobs added this fiscal year. The Expansion Grant payment made for the current fiscal year was $45,289.

- Safran– In 2021 an agreement was approved for Safran. The agreement consists of a performance-based five-year expansion grant up to $50,000 to be provided as a reimbursement of actual costs. In addition, the company was awarded a stratified Job-based Grant based on annual wages of new employees, not to exceed $101,500. They were awarded an additional $300 residency grant for new resident employees and $700 bonus for new established resident employees, not to exceed $23,625. The total incentive package is not to exceed $175,125.

The City has two additional Chapter 380 Expansion/relocation and Job-based Grants that will come online in future fiscal years for From the Future and DynaGrid. The City has one additional Chapter 380 abatement agreement for United States Cold Storage (USCS). The Agreement with USCS was terminated on February 20, 2023, as the grantee failed to meet conditions of the Agreement by not obtaining a Texas Direct Pay Permit and the City could not verify the sales taxes for the construction and equipping of the facility.

G. Litigation

Various claims and lawsuits are pending against the City. In accordance with GAAP, those judgments considered "probable" are accrued (see case below), while those claims and judgments considered "reasonably possible" are disclosed but not accrued. In the opinion of City management and legal counsel, the maximum amount of all significant claims considered reasonably possible, excluding condemnation proceedings and the item described following, is approximately $500,000 as of September 30, 2023. Potential losses after insurance coverage on all probable claims and lawsuits will not have a material effect on the City's financial position as of September 30, 2023.

Michael Grim and Jim Maynard v. City of Denton

This case is a whistleblower retaliation lawsuit that was tried before a Dallas County jury. After a lengthy trial, involving disputed issues of law that were properly preserved for appeal, the jury awarded roughly $4.0 million in damages to the two plaintiffs, and the City filed an appeal. Plaintiffs alleged that their terminations were in retaliation for their report to the City Attorney of an individual City Council member's release of proprietary vendor data to the press. The City's position was that Plaintiffs were fired at will for lying to management about their participation in hunting and fishing trips with the vendors who ultimately won the bids on a city project. Based on the trial court's final reduced jury judgment by the application of statutory

caps on damages, the City has accrued the $2.7 million as a long-term liability in the Electric fund. It is possible that the judgment may be reversed or modified on appeal.

H. Subsequent Events

The City has evaluated all events or transactions that occurred after September 30, 2023 up through March 12, 2024, the date the financial statements were issued.

The City called the 2023 Bond Program to an election and voters approved seven of the eight propositions totaling $291.0 million. Approved propositions include streets, drainage and flood control, parks, public safety, affordable housing, a new active adults center, and a new South Branch Library.

The City issued a request for proposal for a letter of credit to satisfy with ERCOT credit protocol changes. Wells Fargo was selected and is working with the City to finalize not to exceed $60.0 million line of credit.

I. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued the following statement which became effective for the fiscal year ending September 30, 2023.

Statement No. 91 "*Conduit Debt Obligations*" - The statement provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2020; however, issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance (GASB 95), extended the effective date of GASB 91 to reporting periods beginning after December 15, 2021, with earlier application encouraged. The City has implemented this Statement in fiscal year 2023. The requirements of this Statement have no impact on the City's financial statements.

Statement No. 94 "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*" – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 and was implemented by the City in fiscal year 2023.

Statement No. 96 "*Subscription-Based Information Technology Arrangements (SBITA)*" –
This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established

in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 and was implemented by the City in fiscal year 2023.

The following statements for the GASB are effective for future fiscal years ending as listed below. The City is in the process of reviewing and evaluating these statements and their potential impact on the City's financial statements.

Statement No. 99 "*Omnibus 2022*" - This Statement is intended to enhance comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement related to extension of use of London Interbank Offered Rate (LIBOR), accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended and terminology updates related to Statements No. 53 and 63 are effective immediately and implemented in the prior fiscal year. All other requirements of this Statement have been implemented in fiscal year 2023.

Statement No. 100 "*Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*" - This statement to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023 and is effective for the City's fiscal year ending September 30, 2024.

Statement No. 101 "*Compensated Absences*" - This statement is intended to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 31, 2023 and is effective for the City's fiscal year ending September 30, 2025.

Statement No. 102 "*Certain Risk Disclosures*" - This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

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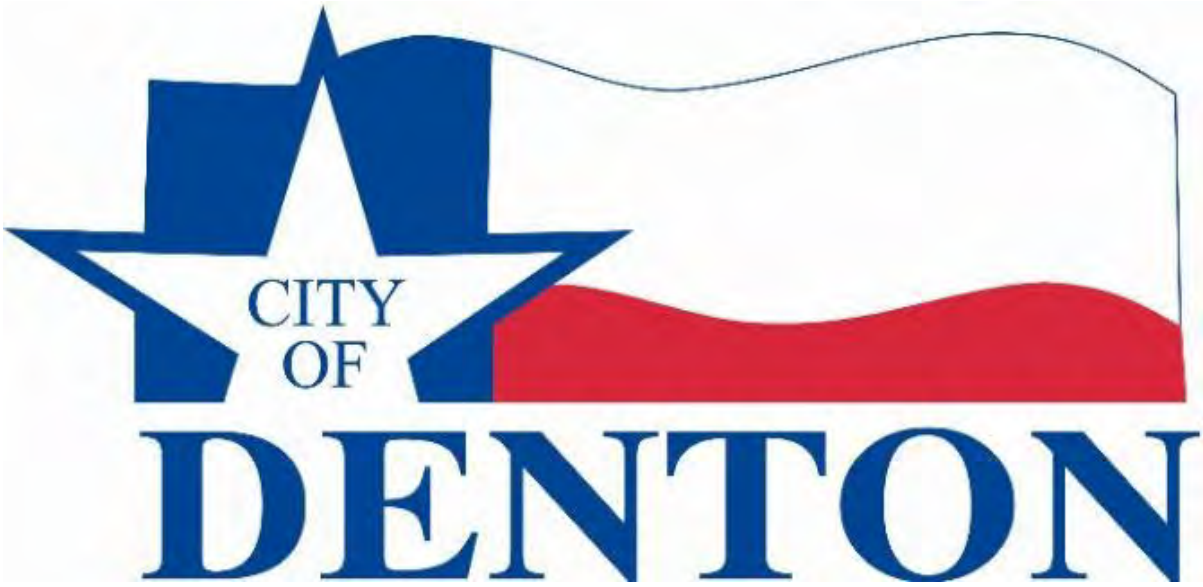
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CITY OF DENTON, TEXAS **Exhibit XI**
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST NINE FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)[1]

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018
Total pension liability:					
Service Cost	$ 10,667,694	$ 12,615,957	$ 13,925,238	$ 14,514,171	$ 14,990,529
Interest (on the total pension liability)	25,182,941	26,905,700	27,656,654	29,543,513	31,468,411
Difference between expected and actual experience	(171,241)	(1,525,911)	763,589	1,514,980	1,255,443
Change of assumptions	-	(428,789)	-	-	-
Benefit payments, including refunds of employee contributions	(11,387,617)	(12,697,735)	(13,023,330)	(16,349,644)	(18,238,039)
Net change in total pension liability	24,291,777	24,869,222	29,322,151	29,223,020	29,476,344
Total pension liability - beginning	360,116,261	384,408,038	409,277,260	438,599,411	467,822,431
Total pension liability - ending (a)	$ 384,408,038	$ 409,277,260	$ 438,599,411	$ 467,822,431	$ 497,298,775
Plan fiduciary net position:					
Contributions - employer	$ 13,065,763	$ 13,615,410	$ 14,046,860	$ 14,821,752	$ 15,107,443
Contributions - employee	4,991,415	5,365,231	5,712,464	6,014,227	6,175,407
Net investment income (loss)	16,867,596	469,530	21,947,635	48,954,660	(12,175,765)
Benefit payments, including refunds of employee contributions	(11,387,617)	(12,697,735)	(13,023,330)	(16,349,644)	(18,238,039)
Administrative expense	(176,083)	(285,957)	(247,766)	(253,578)	(235,169)
Other	(14,477)	(14,123)	(13,349)	(12,851)	(12,287)
Net change in plan fiduciary net position	23,346,597	6,452,356	28,422,514	53,174,566	(9,378,410)
Plan fiduciary net position - beginning	294,819,596	318,166,193	324,618,549	353,041,063	406,215,629
Plan fiduciary net position - ending (b)	$ 318,166,193	$ 324,618,549	$ 353,041,063	$ 406,215,629	$ 396,837,219
Net pension liability - ending (a) - (b)	$ 66,241,845	$ 84,658,711	$ 85,558,348	$ 61,606,802	$ 100,461,556
Plan fiduciary net position as a percentage of total pension liability	82.77%	79.32%	80.49%	86.83%	79.80%
Covered payroll	$ 71,025,494	$ 76,646,157	$ 81,481,789	$ 85,227,078	$ 88,179,581
Net pension liability as a percentage of covered payroll	93.26%	110.45%	105.00%	72.29%	113.93%

(continued on the following page)

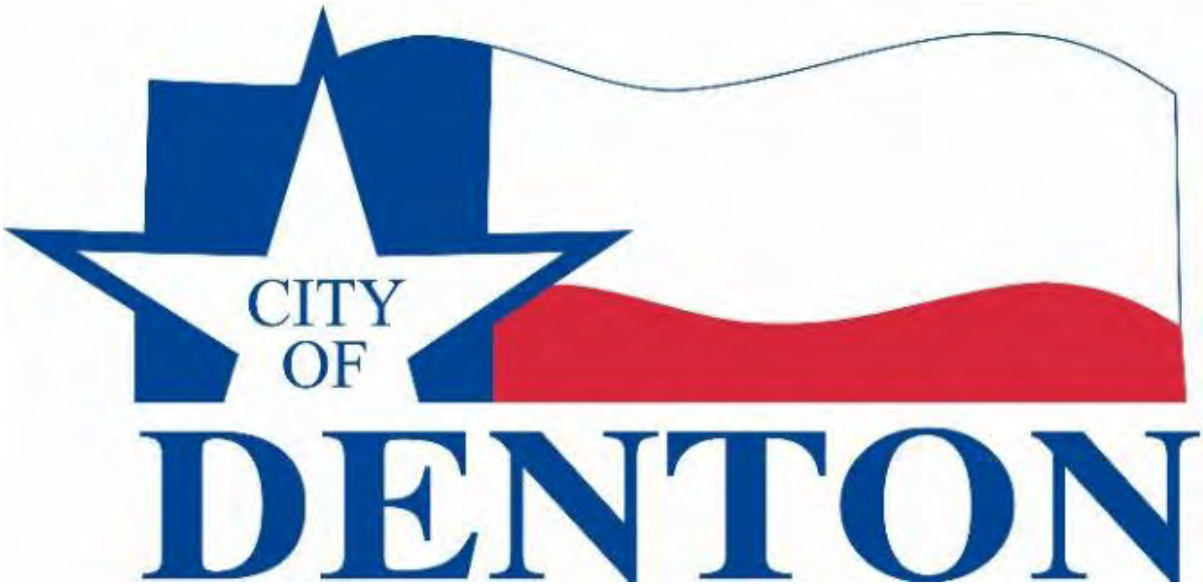
[1]**Schedule is intended to present information for ten years. Additional years of information will be presented as they become available.**

CITY OF DENTON, TEXAS **Exhibit XI**
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST NINE FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)1

	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022
Total pension liability:				
Service Cost	$ 16,283,811	$ 18,685,981	$ 17,667,234	$ 19,111,021
Interest (on the total pension liability)	33,434,342	35,523,156	37,617,145	40,284,903
Difference between expected and actual experience	2,005,979	2,636,510	8,560,080	8,678,564
Change of assumptions	1,438,798	-	-	-
Benefit payments, including refunds of employee contributions	(20,234,184)	(26,603,058)	(24,025,384)	(26,062,628)
Net change in total pension liability	32,928,746	30,242,589	39,819,075	42,011,860
Total pension liability - beginning	497,298,775	530,227,521	560,470,110	600,289,185
Total pension liability - ending (a)	$ 530,227,521	$ 560,470,110	$ 600,289,185	$ 642,301,045
Plan fiduciary net position:				
Contributions - employer	$ 16,255,126	$ 18,613,464	$ 17,849,684	$ 19,140,875
Contributions - employee	6,693,287	7,536,737	7,095,275	7,670,708
Net investment income (loss)	61,399,432	34,987,709	64,564,009	(40,913,118)
Benefit payments, including refunds of employee contributions	(20,234,184)	(26,603,058)	(24,025,384)	(26,062,628)
Administrative expense	(346,657)	(226,230)	(298,515)	(353,785)
Other	(10,413)	(8,826)	2,046	422,171
Net change in plan fiduciary net position	63,756,591	34,299,796	65,187,115	(40,095,777)
Plan fiduciary net position - beginning	396,837,219	460,593,810	494,893,606	560,080,721
Plan fiduciary net position - ending (b)	$ 460,593,810	$ 494,893,606	$ 560,080,721	$ 519,984,944
Net pension liability - ending (a) - (b)	$ 69,633,711	$ 65,576,504	$ 40,208,464	$ 122,316,101
Plan fiduciary net position as a percentage of total pension liability	86.87%	88.30%	93.30%	80.96%
Covered payroll	$ 95,618,386	$ 107,576,172	$ 101,361,066	$ 109,581,543
Net pension liability as a percentage of covered payroll	72.82%	60.96%	39.67%	111.62%

(concluded)

[1]Schedule is intended to present information for ten years. Additional years of information will be presented as they become available.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CITY OF DENTON, TEXAS **Exhibit XII**
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS (Unaudited)

Fiscal Year	(a) Actuarially Determined Contributions	(b) Contributions in Relation to the Actuarially Determined Contributions	(c) Contribution Excess (Deficiency) (b) - (a)	(d) Covered Payroll	Contributions as a Percentage of Covered Payroll (b)/(d)
2014	12,912,746	12,911,461	(1,285)	69,872,024	18.48%
2015	13,507,272	13,507,272	-	75,379,632	17.92%
2016	14,435,638	14,435,638	-	83,127,601	17.37%
2017	14,648,606	14,648,606	-	84,753,377	17.28%
2018	14,931,800	14,931,800	-	86,832,074	17.20%
2019	16,035,042	16,035,042	-	94,158,313	17.03%
2020	17,562,597	17,562,597	-	101,964,029	17.22%
2021	17,794,920	17,794,920	-	101,641,023	17.51%
2022	18,471,103	18,471,103	-	105,519,237	17.50%
2023	19,140,875	19,140,875	-	109,581,543	17.47%

Notes to Schedule:
Actuarial determined contribution rates are calculated as of December 31st and become effective in January, 13 months later. Contributions above do not include contributions into the supplemental death benefit fund.

Methods and assumptions used to determine contribution rate for 2023:

Actuarial Cost Method	**Entry Age Normal**
Amortization Method	**Level Percentage of Payroll, Closed**
Remaining Amortization Period	**24 Years (Equivalent Single Amortization Period of 13.9 years)**
Asset Valuation Method	**10 Year Smoothed Market; 12% Soft Corridor**
Inflation	**2.50%**
Salary Increases	**3.50% to 11.50% including inflation**
Investment Rate of Return	**6.75%**
Retirement Age	**Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.**
Mortality	**Post-retirement: 2019 Municipal Retiress of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.** **Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employees table used for females. The rates are projected on a fully generational basis with scale UMP.**
Other	**There were not benefit changes during the year**

CITY OF DENTON, TEXAS **Exhibit XIII**
REQUIRED SUPPLEMENTARY INFORMATION
DENTON FIREMEN'S RELIEF AND RETIREMENT FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST NINE FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)[1]

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018
Total pension liability:					
Service Cost	$ 2,747,253	$ 2,836,263	$ 3,089,911	$ 3,182,608	$ 3,615,495
Interest (on the total pension liability)	5,685,396	5,998,959	6,135,588	6,493,255	7,049,261
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	-	(2,063,421)	-	2,040,716	-
Change of assumptions	-	2,331,908	-	-	-
Benefit payments, including refunds of employee contributions	(4,036,009)	(4,048,358)	(4,270,006)	(3,768,829)	(4,055,856)
Net change in total pension liability	4,396,640	5,055,351	4,955,493	7,947,750	6,608,900
Total pension liability - beginning	80,490,694	84,887,334	89,942,685	94,898,178	102,845,928
Total pension liability - ending (a)	$ 84,887,334	$ 89,942,685	$ 94,898,178	$ 102,845,928	$ 109,454,828
Plan fiduciary net position:					
Contributions - employer	$ 2,566,875	$ 2,567,219	$ 2,759,844	$ 2,979,807	$ 3,434,007
Contributions - employee	1,745,419	1,803,064	1,997,155	2,142,990	2,338,837
Net investment income (loss)	4,411,066	(3,287,188)	6,935,215	8,793,234	(183,148)
Benefit payments, including refunds of employee contributions	(4,036,009)	(4,048,358)	(4,270,006)	(3,768,829)	(4,055,856)
Administrative expense	(81,005)	(76,538)	(94,175)	(63,669)	(87,899)
Net change in plan fiduciary net position	4,606,346	(3,041,801)	7,328,033	10,083,533	1,445,941
Plan fiduciary net position - beginning	66,412,172	71,018,518	67,976,717	75,304,750	85,388,283
Plan fiduciary net position - ending (b)	$ 71,018,518	$ 67,976,717	$ 75,304,750	$ 85,388,283	$ 86,834,224
Net pension liability - ending (a) - (b)	$ 13,868,816	$ 21,965,968	$ 19,593,428	$ 17,457,645	$ 22,620,604
Plan fiduciary net position as a percentage of total pension liability	83.66%	75.58%	79.35%	83.03%	79.33%
Covered payroll	$ 14,238,486	$ 14,310,032	$ 15,850,437	$ 17,007,857	$ 18,562,198
Net pension liability as a percentage of covered payroll	97.40%	153.50%	123.61%	102.64%	121.86%

(continued on the following page)

[1]**Schedule is intended to present information for ten years. Additional years of information will be presented as they become available.**

CITY OF DENTON, TEXAS **Exhibit XIII**
REQUIRED SUPPLEMENTARY INFORMATION
DENTON FIREMEN'S RELIEF AND RETIREMENT FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST NINE FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)1

	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022
Total pension liability:				
Service Cost	$ 3,723,960	$ 4,252,475	$ 4,380,049	$ 4,965,768
Interest (on the total pension liability)	7,497,583	8,293,527	8,791,959	9,787,310
Changes of benefit terms	-	-	1,074,140	-
Difference between expected and actual experience	1,526,958	-	4,783,943	-
Change of assumptions	3,446,011	-	-	-
Benefit payments, including refunds of employee contributions	(4,206,975)	(5,655,539)	(4,923,273)	(4,816,472)
Net change in total pension liability	11,987,537	6,890,463	14,106,818	9,936,606
Total pension liability - beginning	109,454,828	121,442,365	128,332,828	142,439,646
Total pension liability - ending (a)	$ 121,442,365	$ 128,332,828	$ 142,439,646	$ 152,376,252
Plan fiduciary net position:				
Contributions - employer	$ 3,639,740	$ 4,069,311	$ 4,249,769	$ 4,545,905
Contributions - employee	2,478,958	2,771,532	2,894,437	3,096,130
Net investment income (loss)	15,141,275	12,313,949	21,206,371	(6,446,061)
Benefit payments, including refunds of employee contributions	(4,206,975)	(5,655,539)	(4,923,273)	(4,816,472)
Administrative expense	(71,427)	(116,909)	(87,866)	(114,279)
Net change in plan fiduciary net position	16,981,571	13,382,344	23,339,438	(3,734,777)
Plan fiduciary net position - beginning	86,834,224	103,815,795	117,198,139	140,537,577
Plan fiduciary net position - ending (b)	$ 103,815,795	$ 117,198,139	$ 140,537,577	$ 136,802,800
Net pension liability - ending (a) - (b)	$ 17,626,570	$ 11,134,689	$ 1,902,069	$ 15,573,452
Plan fiduciary net position as a percentage of total pension liability	85.49%	91.32%	98.66%	89.78%
Covered payroll	$ 19,674,270	$ 21,996,287	$ 22,971,722	$ 24,572,460
Net pension liability as a percentage of covered payroll	89.59%	50.62%	8.28%	63.38%

(concluded)

[1]Schedule is intended to present information for ten years. Additional years of information will be presented as they become available.

CITY OF DENTON, TEXAS **Exhibit XIV**
REQUIRED SUPPLEMENTARY INFORMATION
FIREMEN'S RELIEF AND RETIREMENT FUND
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS (Unaudited)

Fiscal Year	(a) Annual Required Contributions	(b) Contributions in Relation to the Annual Required Contributions	(c) Contribution Excess (Deficiency) (b) - (a)	(d) Covered Payroll	Contributions as a Percentage of Covered Payroll (b)/(d)
2014	2,576,652	2,576,652	-	13,828,070	18.63%
2015	2,535,719	2,535,719	-	14,029,051	18.07%
2016	2,819,046	2,819,046	-	15,540,826	18.14%
2017	2,924,757	2,924,757	-	16,747,217	17.46%
2018	3,310,248	3,310,248	-	18,080,014	18.31%
2019	3,610,711	3,610,711	-	19,517,358	18.50%
2020	3,838,014	3,838,014	-	20,746,026	18.50%
2021	4,158,368	4,158,368	-	22,477,667	18.50%
2022	4,440,025	4,440,025	-	24,000,134	18.50%
2023	4,804,198	4,804,198	-	25,968,636	18.50%

Notes to Schedule:
Annual required contributions are not actuarially determined. In accordance with city ordinance since 2017, the City has contributed to the Firemen's Relief and Retirement Fund at the rate of 18.5%, the assumed actuarial valuation rate over the unfunded liability amortization period.

While the contribution requirements are not actuarially determined, state law requires an actuary certify the assumed City contribution rate is adequate. Methods and assumptions used to contribution adequacy in the December 31, 2021 actuarial valuation:

Actuarial Cost Method	**Entry Age**
Amortization Method	**Level Percentage of Payroll, Open**
Remaining Amortization Period	**9.1 Years**
Asset Valuation Method	**5-year smoothing**
Inflation	**2.50%**
Salary Increases	**3.00% annual general compensation increase plus promotion, step, and longevity increases which average 1.98% per year over a 30-year career**
Investment Rate of Return	**6.75%, net of pension plan investment expense, including inflation**
Retirement Age	**Average expected age at retirement of 57**
Mortality	**PubS-2010 (public safety) total dataset mortality tables for employees and for retirees (sec distinct), projected for morality improvement generationally using the projection scale MP-2019**

CITY OF DENTON, TEXAS **Exhibit XV**
REQUIRED SUPPLEMENTARY INFORMATION
MEDICAL OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)[1,2]

	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022
Total OPEB liability:					
Service Cost	$ 1,995,008	$ 2,052,606	$ 2,884,792	$ 3,554,317	$ 3,282,530
Interest (on the total OPEB liability)	1,329,949	1,507,925	1,186,428	995,640	921,256
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(150,485)	(1,512,289)	329,072	(1,283,436)	(42,650)
Change of assumptions or other inputs	(1,724,923)	1,444,810	3,664,984	(1,091,668)	(10,266,201)
Benefit payments	(899,361)	(1,126,992)	(1,695,382)	(1,826,367)	(1,679,015)
Net change in total OPEB liability	550,188	2,366,060	6,369,894	348,486	(7,784,080)
Total OPEB liability - beginning	39,631,890	40,182,078	42,548,138	48,918,032	49,266,518
Total OPEB liability - ending	$ 40,182,078	$ 42,548,138	$ 48,918,032	$ 49,266,518	$ 41,482,438
Covered-employee payroll	$ 104,783,403	$ 109,480,718	$ 118,063,295	$ 130,944,182	$ 137,686,788
Net pension liability as a percentage of covered-employee payroll	38.35%	38.86%	41.43%	37.62%	30.13%

[1]**Schedule is intended to present information for ten years. Additional years of information will be presented as they become available.**

[2]**There are no assets accumlated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 to pay related benefits.**

Methods and assumptions used to determine contribution rate for 2023:

Actuarial cost method	**Individual Entry-Age Normal**
Discount rate	**4.05% (Based on the Fidelity Index's "20-Year Municipal GO AA Index" rates as of December 31, 2022.) The prior year discount rate was 1.84%.**
Inflation rate	**2.50%**
Projected salary increases	**3.5% to 11.5% for TMRS and 3.00% to 9.18% for Fire, including inflation**
Demographic assumptions	**Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS) and the assumptions used in the December 31, 2021 actuarial valuation for the Denton Firemen's Relief and Retirement Fund.**
Healthcare trend rates	**Initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years.**
Mortality	**TMRS: For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements.** **Fire: For healthy retirees, the gender-distinct PubS-2010 (safety employees) total data set mortality tables are used. The rates are projected on a fully generational basis using the project scale MP-2019.**
Participation rates	**65% for employees retiring at age 65 or older;** **45% for employees retiring between the ages of 50 and 64;** **5% for employees retiring between the ages of 45 and 49;** **0% for employees retiring before the ages of 45.**

CITY OF DENTON, TEXAS **Exhibit XVI**
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFIT FUND
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)[1,2]

	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022
Total OPEB liability:					
Service Cost	$ 176,359	$ 152,989	$ 236,668	$ 233,130	$ 284,912
Interest (on the total OPEB liability)	110,831	130,143	115,434	103,668	100,639
Difference between expected and actual experience	155,143	(284,991)	(28,782)	(158,830)	46,933
Change of assumptions or other inputs	(247,941)	680,198	720,927	172,092	(1,978,189)
Benefit payments	(17,636)	(28,686)	(32,273)	(81,089)	(98,623)
Net change in total OPEB liability	176,756	649,653	1,011,974	268,971	(1,644,328)
Total OPEB liability - beginning	3,268,993	3,445,749	4,095,402	5,107,376	5,376,347
Total OPEB liability - ending	$ 3,445,749	$ 4,095,402	$ 5,107,376	$ 5,376,347	$ 3,732,019
Covered-employee payroll	$ 85,227,078	$ 88,179,581	$ 95,618,386	$ 107,576,172	$ 137,686,788
Net pension liability as a percentage of covered-employee payroll	4.04%	4.64%	5.34%	5.00%	2.71%

[1]Schedule is intended to present information for ten years. Additional years of information will be presented as they become available.

[2]There are no assets accumlated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 to pay related benefits.

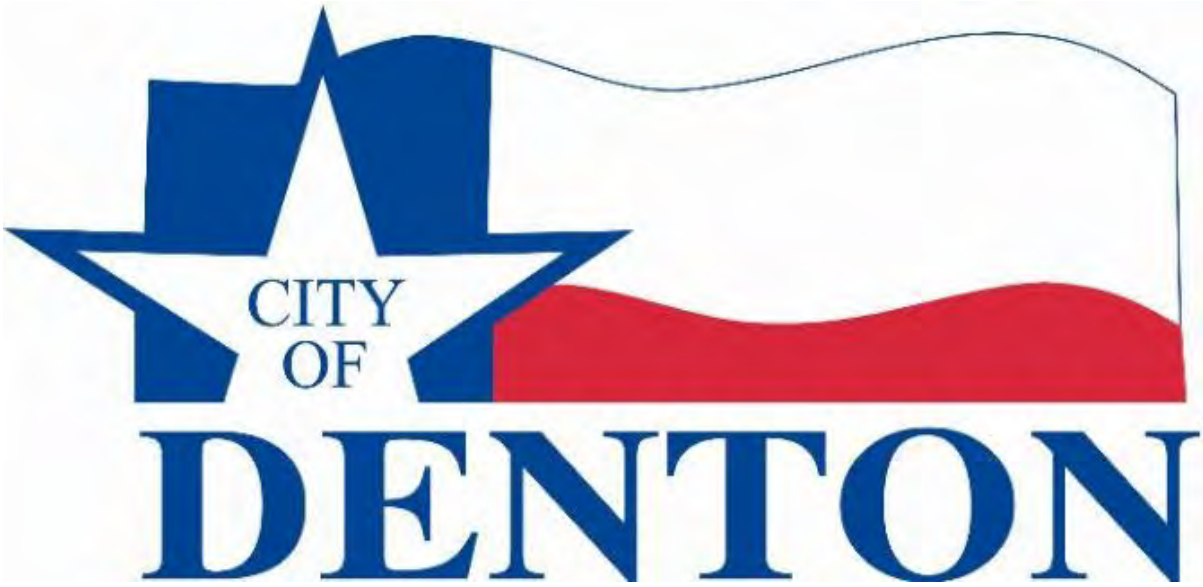
Methods and assumptions used to determine contribution rate for 2023:

Inflation rate	**2.50% per annum**
Discount rate	**6.75% (Based on the Fidelity Index's "20-Year Municipal GO AA Index" rates as of December 31, 2021.) The prior year discount rate was 1.84%.**
Actuarial cost method	**Entry Age Normal**
Projected salary increases	**3.5% to 11.5% including inflation**
Retirees' share of benefit-related	**$0**
Administrative expenses	**All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB No. 68.**
Mortality rates - service retirees	**2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.**
Mortality rates - disabled retirees	**2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.**

CITY OF DENTON, TEXAS **Exhibit XVII**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Taxes	$ 32,605,476	$ 32,605,476	$ 32,733,509	$ -	$ 32,733,509	$ 128,033
Investment revenue (loss)	100,000	100,000	764,351	-	764,351	664,351
Total revenues	32,705,476	32,705,476	33,497,860	-	33,497,860	792,384
EXPENDITURES:						
Debt service:						
Principal, interest and fiscal charges	96,605,257	96,605,257	35,310,358	60,488,661	95,799,019	806,238
Bond refunding	-	-	178,390	(178,390)	-	-
Bond issuance costs	-	-	55,015	(55,015)	-	-
Total expenditures	96,605,257	96,605,257	35,543,763	60,255,256	95,799,019	806,238
Excess (deficiency) of revenues over (under) expenditures	(63,899,781)	(63,899,781)	(2,045,903)	(60,255,256)	(62,301,159)	1,598,622
OTHER FINANCING SOURCES (USES):						
Refunding bonds issued	-	-	9,300,000	(9,300,000)	-	-
Payment to refunded bond agent	-	-	(10,156,875)	10,156,875	-	-
Premium on debt issuance	-	-	911,669	(911,669)	-	-
Transfers in	61,829,824	61,829,824	717,980	60,488,661	61,206,641	(623,183)
Total other financing sources (uses)	61,829,824	61,829,824	772,774	60,433,867	61,206,641	(623,183)
Net change in fund balance	(2,069,957)	(2,069,957)	(1,273,129)	178,611	(1,094,518)	975,439
Fund balance at beginning of year	2,411,532	2,411,532	2,411,532	-	2,411,532	-
Fund balance at end of year	$ 341,575	$ 341,575	$ 1,138,403	$ 178,611	$ 1,317,014	$ 975,439

Adjustments - Budgetary Basis are pass-through debt service payments budgeted as transfers in from enterprise and internal service funds.
Other Financing Sources (Uses) related to refunding are adjusted out as they are non-budgeted items reducing future debt service payments.


CITY
OF
DENTON

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Community Development Block Grant (CDBG) – to account for the operations of projects utilizing Community Development Block Grant Funds. Such revenues are restricted to expenditures for specified projects by the Department of Housing and Urban Development.

Recreation – to account for the revenues and expenditures for the recreation programs that are self-supporting. All expenditures will be reimbursed 100%. Various business operations, such as concessions, fall into this account.

Criminal Justice – to account for revenue received from the State of Texas Criminal Justice Division and other grants administered by the police department.

Police Confiscation – to account for revenues received from confiscated goods. Expenditures are restricted to enhancing law enforcement.

Tourist and Convention – to account for taxes received from hotel and motel occupancy for the purpose of promoting tourism.

Street Improvement – to account for street maintenance and improvement activities.

Gas Well Revenues – to account for the receipt of royalty, pooling, tax, and lease revenue related to park gas wells.

Citizens' Park Trusts – to account for several small trust funds that are for park development.

All Other – to account for miscellaneous special revenue sources that are required to finance specific activities.

CITY OF DENTON, TEXAS **Exhibit XVIII**
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2023

	Special Revenue Funds				
	Community Development Block Grant	Recreation	Criminal Justice	Police Confiscation	Tourist and Convention
ASSETS					
Cash, cash equivalents and investments, at fair value	$ -	$ 288,578	$ -	1,212,655	$ 1,487,172
Receivables (net of allowances):					
Taxes	-	-	-	-	306,646
Accrued interest	-	1,461	-	6,165	7,560
Other	-	26,259	-	-	-
Due from other governments	1,202,004	-	29,864	-	-
Total assets	$ 1,202,004	$ 316,298	$ 29,864	$ 1,218,820	$ 1,801,378
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	44,529	273,013	-	-	231,473
Interfund payables	958,442		29,864	-	-
Retainage payable	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Total liabilities	1,002,971	273,013	29,864	-	231,473
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - general services	-	-	-	-	-
Unavailable revenue - intergovernmental	41,170	14,735	-	-	-
Total deferred inflows of revenues	41,170	14,735	-	-	-
FUND BALANCES (DEFICIT):					
Restricted for:					
Parks and recreation	-	28,550	-	-	-
Streets and drainage projects	-	-	-	-	-
Other grants and purposes	157,863	-	-	1,218,820	1,569,905
Committed to:					
Streets	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Other purposes	-	-	-	-	-
Assigned to:					
Other purposes	-	-	-	-	-
Unassigned				-	-
Total fund balance (deficit)	157,863	28,550	-	1,218,820	1,569,905
Total liabilities, deferred inflows of resources, and fund balances (deficit)	$ 1,202,004	$ 316,298	$ 29,864	$ 1,218,820	$ 1,801,378

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XVIII**
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (concluded)
AS OF SEPTEMBER 30, 2023

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Street Improvement	Gas Well Revenues	Citizens' Park Trusts	All Other	
ASSETS					
Cash, cash equivalents and investments, at fair value	$ 9,255,174	$ 162,553	$ 11,433,965	$ 22,552,199	$ 46,392,296
Receivables (net of allowances):					
Taxes	-	-	-	-	306,646
Accrued interest	47,049	826	58,125	113,761	234,947
Other	-	-	-	91,991	118,250
Due from other governments	-	-	-	887,594	2,119,462
Total assets	$ 9,302,223	$ 163,379	$ 11,492,090	$ 23,645,545	$ 49,171,601
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	307,695	-	87,450	39,519	983,679
Interfund payables	-	-	-	-	988,306
Retainage payable	-	-	-	14,877	14,877
Unearned revenues	-	-	-	12,201	12,201
Total liabilities	307,695	-	87,450	66,597	1,999,063
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - general services	-	-	-	-	-
Unavailable revenue - intergovernmental	-	-	-	410,800	466,705
Total deferred inflows of revenues	-	-	-	410,800	466,705
FUND BALANCES (DEFICIT):					
Restricted for:					
Parks and recreation	-	163,379	11,404,640	114,988	11,711,557
Streets and drainage projects	-	-	-	9,040,059	9,040,059
Other grants and purposes	-	-	-	2,008,887	4,955,475
Committed to:					
Streets	8,994,528	-	-	-	8,994,528
Parks and recreation	-	-	-	-	-
Other purposes	-	-	-	12,410,978	12,410,978
Assigned to:					
Other purposes	-	-	-	750	750
Unassigned	-	-	-	(407,514)	(407,514)
Total fund balance (deficit)	8,994,528	163,379	11,404,640	23,168,148	46,705,833
Total liabilities, deferred inflows of resources, and fund balances (deficit)	$ 9,302,223	$ 163,379	$ 11,492,090	$ 23,645,545	$ 49,171,601

(concluded)

CITY OF DENTON, TEXAS **Exhibit XIX**
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue Funds				
	Community Development Block Grant	Recreation	Criminal Justice	Police Confiscation	Tourist and Convention
REVENUES:					
Tax revenue	$ -	$ -	$ -	$ -	$ 2,894,816
Franchise fees	-	-	-	-	-
Fines and forfeitures	-	-	-	456,971	-
Fees for services	-	2,412,549	-	-	-
Investment revenue	-	40,394	-	37,839	69,322
Intergovernmental	2,300,894	-	443,432	-	-
Miscellaneous	129,662	66,647	-	14,160	17,825
Total revenues	2,430,556	2,519,590	443,432	508,970	2,981,963
EXPENDITURES:					
Current:					
General government	2,340,980	-	-	-	3,190,208
Public safety	-	-	320,161	39,000	-
Public works	-	-	-	-	-
Parks and recreation	-	7,811,689	-	-	-
Capital outlay	-	-	35,398	-	-
Total expenditures	2,340,980	7,811,689	355,559	39,000	3,190,208
Excess (deficiency) of revenues over (under) expenditures	89,576	(5,292,099)	87,873	469,970	(208,245)
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	-	5,688,179	-	-	-
Transfers out	-	(272,681)	-	(46,000)	(60,294)
Total other financing sources (uses)	-	5,415,498	-	(46,000)	(60,294)
Net change in fund balances	89,576	123,399	87,873	423,970	(268,539)
Fund balance (deficit) at beginning of year	68,287	(94,849)	(87,873)	794,850	1,838,444
Fund balance at end of year	$ 157,863	$ 28,550	$ -	$ 1,218,820	$ 1,569,905

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XIX**
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (concluded)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Street Improvement	Gas Well Revenues	Citizens' Park Trusts	All Other	
REVENUES:					
Tax revenue	$ -	$ -	$ -	$ 1,846,687	$ 4,741,503
Franchise fees	17,111,671	-	-	-	17,111,671
Fines and forfeitures	-	-	-	-	456,971
Fees for services	-	71,752	2,641,018	573,170	5,698,489
Investment revenue	278,710	6,500	417,394	1,074,997	1,925,156
Intergovernmental	-	-	-	1,837,378	4,581,704
Miscellaneous	1,859	-	-	5,921,033	6,151,186
Total revenues	17,392,240	78,252	3,058,412	11,253,265	40,666,680
EXPENDITURES:					
Current:					
General government	-	-	-	1,551,438	7,082,626
Public safety	-	-	-	1,659,078	2,018,239
Public works	11,300,388	-	-	-	11,300,388
Parks and recreation	-	-	60,214	117,611	7,989,514
Capital outlay	-	-	301,173	638,774	975,345
Total expenditures	11,300,388	-	361,387	3,966,901	29,366,112
Excess (deficiency) of revenues over (under) expenditures	6,091,852	78,252	2,697,025	7,286,364	11,300,568
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of capital assets	7,252	-	-	-	7,252
Transfers in	1,306,035	-	-	4,330,518	11,324,732
Transfers out	(5,981,500)	(50,000)	-	(11,098,239)	(17,508,714)
Total other financing sources (uses)	(4,668,213)	(50,000)	-	(6,767,721)	(6,176,730)
Net change in fund balances	1,423,639	28,252	2,697,025	518,643	5,123,838
Fund balance (deficit) at beginning of year	7,570,889	135,127	8,707,615	22,649,505	41,581,995
Fund balance at end of year	$ 8,994,528	$ 163,379	$ 11,404,640	$ 23,168,148	$ 46,705,833

(concluded)

CITY OF DENTON, TEXAS **Exhibit XX**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: RECREATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Fees for services	$ 1,769,854	$ 1,769,854	$ 2,412,549	$ -	$ 2,412,549	$ 642,695
Investment revenue (loss)	5,000	5,000	40,394	-	40,394	35,394
Miscellaneous	36,800	36,800	66,647	-	66,647	29,847
Total revenues	1,811,654	1,811,654	2,519,590	-	2,519,590	707,936
EXPENDITURES:						
Current:						
Parks and recreation	6,387,863	6,387,863	7,811,689	(1,613,447)	6,198,242	189,621
Total expenditures	6,387,863	6,387,863	7,811,689	(1,613,447)	6,198,242	189,621
Excess (deficit) of revenues over (under) expenditures	(4,576,209)	(4,576,209)	(5,292,099)	1,613,447	(3,678,652)	897,557
OTHER FINANCING SOURCES (USES):						
Transfers in	6,197,695	6,197,695	5,688,179	-	5,688,179	(509,516)
Transfers out	(1,741,486)	(1,741,486)	(272,681)	(1,613,447)	(1,886,128)	(144,642)
Total other financing sources (uses)	4,456,209	4,456,209	5,415,498	(1,613,447)	3,802,051	(654,158)
Net change in fund balance	(120,000)	(120,000)	123,399	-	123,399	243,399
Fund balance at beginning of year	(94,849)	(94,849)	(94,849)	-	(94,849)	-
Fund balance at end of year	$ (214,849)	$ (214,849)	$ 28,550	$ -	$ 28,550	$ 243,399

Adjustments - Budgetary Basis are expenditures allocated from and reimbursed to other funds. These expenditures are recorded as operating expenditures but budgeted as cost of service transfers.

CITY OF DENTON, TEXAS **Exhibit XXI**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: POLICE CONFISCATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Fines and forfeitures	$ -	$ -	$ 456,971	$ -	$ 456,971	$ 456,971
Investment revenue	-	-	37,839	-	37,839	37,839
Miscellaneous	-	-	14,160	-	14,160	14,160
Total revenues	-	-	508,970	-	508,970	508,970
EXPENDITURES:						
Current:						
Public safety	85,000	85,000	39,000	-	39,000	46,000
Capital outlay	-	-	-	-	-	-
Total expenditures	85,000	85,000	39,000	-	39,000	46,000
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(46,000)	-	(46,000)	(46,000)
Total other financing sources	-	-	(46,000)	-	(46,000)	(46,000)
Net change in fund balance	(85,000)	(85,000)	423,970	-	423,970	508,970
Fund balance at beginning of year	794,850	794,850	794,850	-	794,850	-
Fund balance at end of year	$ 709,850	$ 709,850	$ 1,218,820	$ -	$ 1,218,820	$ 508,970

CITY OF DENTON, TEXAS **Exhibit XXII**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: TOURIST AND CONVENTION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Taxes	$ 3,470,152	$ 3,470,152	$ 2,894,816	$ -	$ 2,894,816	$ (575,336)
Investment revenue (loss)	-	-	69,322	-	69,322	69,322
Total revenues	3,470,152	3,470,152	2,981,963	-	2,981,963	(488,189)
EXPENDITURES:						
Current:						
General government	3,814,355	3,814,355	3,190,208	-	3,190,208	624,147
Total expenditures	3,814,355	3,814,355	3,190,208	-	3,190,208	624,147
Excess (deficit) of revenues over (under) expenditures	(344,203)	(344,203)	(208,245)	-	(208,245)	135,958
OTHER FINANCING SOURCES (USES):						
Transfers out	-	35,000	(60,294)	-	(60,294)	(95,294)
Total other financing sources (uses)	-	35,000	(60,294)	-	(60,294)	(95,294)
Net change in fund balance	(344,203)	(309,203)	(268,539)	-	(268,539)	40,664
Fund balance at beginning of year	1,838,444	1,838,444	1,838,444	-	1,838,444	-
Fund balance at end of year	$ 1,494,241	$ 1,529,241	$ 1,569,905	$ -	$ 1,569,905	$ 40,664

CITY OF DENTON, TEXAS **Exhibit XXIII**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: STREET IMPROVEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Franchise fees	$ 15,100,000	$ 15,100,000	$ 17,111,671	$ -	$ 17,111,671	$ 2,011,671
Fees for services	-	-	-	-	-	-
Investment revenue (loss)	40,000	40,000	278,710	-	278,710	238,710
Miscellaneous		-	1,859	-	1,859	1,859
Total revenues	15,140,000	15,140,000	17,392,240	-	17,392,240	2,252,240
EXPENDITURES:						
Current:						
Public Works	11,120,702	9,716,454	11,300,388	(833,854)	10,466,534	(750,080)
Debt service:						
Principal retirement	-	-	-	-	-	-
Total expenditures	11,120,702	9,716,454	11,300,388	(833,854)	10,466,534	(750,080)
Excess (deficit) of revenues over (under) expenditures	4,019,298	5,423,546	6,091,852	833,854	6,925,706	1,502,160
OTHER FINANCING SOURCES (USES):						
Sale of Assets	-	-	7,252	-	7,252	7,252
Transfers in	1,306,000	1,306,000	1,306,035	-	1,306,035	35
Transfers out	(6,217,675)	(7,629,175)	(5,981,500)	(833,854)	(6,815,354)	813,821
Total other financing sources (uses)	(4,911,675)	(6,323,175)	(4,668,213)	(833,854)	(5,502,067)	821,108
Net change in fund balance	(892,377)	(899,629)	1,423,639	-	1,423,639	2,323,268
Fund balance at beginning of year	7,570,889	7,570,889	7,570,889	-	7,570,889	-
Fund balance at end of year	$ 6,678,512	$ 6,671,260	$ 8,994,528	$ -	$ 8,994,528	$ 2,323,268

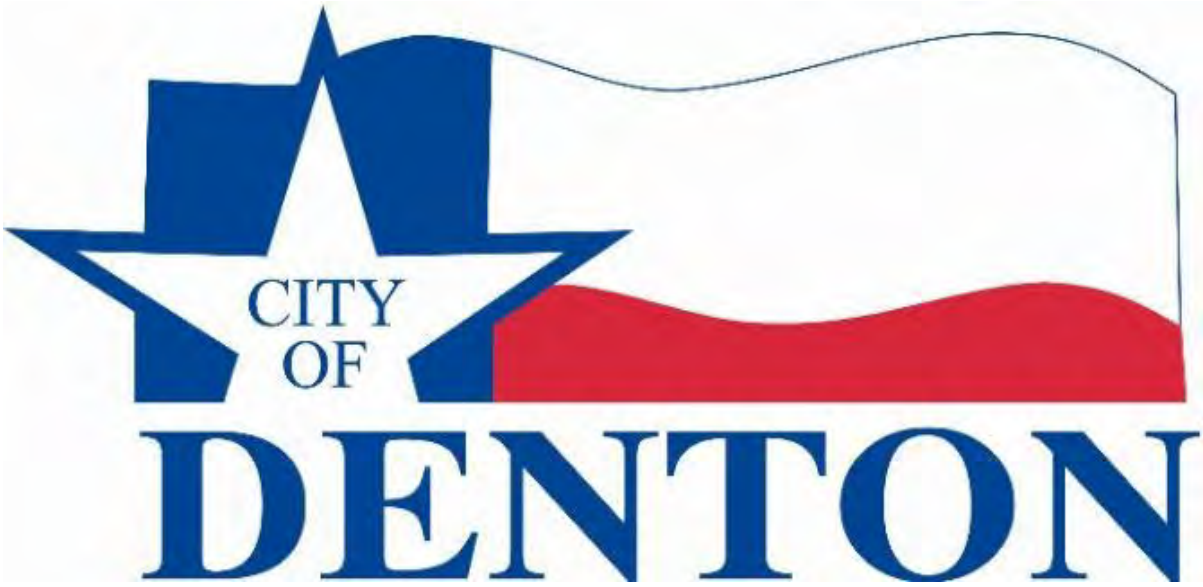
Adjustments - Budgetary Basis are expenditures allocated from and reimbursed to other funds. These expenditures are recorded as operating expenditures but budgeted as cost of service transfers.

CITY OF DENTON, TEXAS **Exhibit XXIV**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: GAS WELL REVENUES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Fees for service	$ 50,000	$ 50,000	$ 71,752	$ -	$ 71,752	$ 21,752
Investment revenue	100	100	6,500	-	6,500	6,400
Total revenues	50,100	50,100	78,252	-	78,252	28,152
Excess of revenues over expenditures	50,100	50,100	78,252	-	78,252	28,152
OTHER FINANCING USES:						
Transfers out	(50,000)	(50,000)	(50,000)	-	(50,000)	-
Total other financing uses	(50,000)	(50,000)	(50,000)	-	(50,000)	-
Net change in fund balance	100	100	28,252	-	28,252	28,152
Fund balance at beginning of year	135,127	135,127	135,127	-	135,127	-
Fund balance at end of year	$ 135,227	$ 135,227	$ 163,379	$ -	$ 163,379	$ 28,152

CITY OF DENTON, TEXAS **Exhibit XXV**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: CITIZENS' PARK TRUSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Fees for service	$ 950,000	$ 950,000	$ 2,641,018	$ -	$ 2,641,018	$ 1,691,018
Investment revenue (loss)	60,000	60,000	417,394	-	417,394	357,394
Total revenues	1,010,000	1,010,000	3,058,412	-	3,058,412	2,048,412
EXPENDITURES:						
Current:						
Parks and recreation	-	-	60,214	-	60,214	(60,214)
Capital outlay	3,900,000	3,900,000	301,173	-	301,173	3,598,827
Total expenditures	3,900,000	3,900,000	361,387	-	361,387	3,538,613
Net change in fund balance	(2,890,000)	(2,890,000)	2,697,025	-	2,697,025	5,587,025
Fund balance at beginning of year	8,707,615	8,707,615	8,707,615	-	8,707,615	-
Fund balance at end of year	$ 5,817,615	$ 5,817,615	$ 11,404,640	$ -	$ 11,404,640	$ 5,587,025


CITY
OF
DENTON

INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods or services provided by one department for another.

The City has the following Internal Service Funds:

Materials Management Fund – to account for the financing of goods and services provided by the Materials Management operations of purchasing and warehouse to other City departments. Purchasing is responsible for procuring goods and services for City departments, and the warehouse maintains an inventory of materials and supplies used by City departments. Warehouse items are billed to other departments.

Fleet Services Fund – to account for the financing of goods and services provided by the Municipal Garage and Machine Shop to other City departments. Municipal Garage and Machine Shop billings include cost of parts and labor and administrative charges. Actual costs include depreciation on the building, improvements, machinery, and equipment used to provide the service.

Health Insurance Fund – to account for the accumulation of resources for the self-insurance activities of the City for employee medical insurance as well as other employee insurance benefits including long-term disability, short-term disability, dental insurance, and vision insurance.

Risk Retention Fund – to account for the accumulation of resources for the payment of activities associated with providing general liability insurance coverage and self-funded activities for City operations.

Technology Services Fund – to account for the accumulation of resources to provide computer services such as programming, support, training, maintenance, and office services to City departments.

Engineering Services Fund – to account for providing engineering, real estate, public works inspection, and development review services primarily to internal City departments although some services are provided to external entities.

Customer Service Fund – to account for providing customer service activities to residents and businesses for City departments. Services include bill pay, utility service requests, connect/disconnect services, maintenance of customer accounts, utility billing, operator calls, collections, accounts receivable, and cash handling.

Facilities Fund – to account for the maintenance of all city-owned facilities and vertical construction projects.

CITY OF DENTON, TEXAS **Exhibit XXVI**
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
AS OF SEPTEMBER 30, 2023

	Materials Management Fund	Fleet Services Fund	Health Insurance Fund	Risk Retention Fund
ASSETS:				
Current assets:				
Cash, cash equivalents and investments, at fair value	$ 385,940	$ 3,269,421	$ 5,564,801	$ 1,320,754
Receivables, net of allowances:				
Accrued interest	-	16,620	28,289	6,714
Other	-	46,806	-	-
Interfund receivables	-	-	-	-
Merchandise inventory	17,781,928	213,565	-	-
Prepaid items	3,064	-	-	-
Debt issuance costs	-	-	-	-
Total current assets	18,170,932	3,546,412	5,593,090	1,327,468
Noncurrent assets:				
Restricted assets:				
Cash, cash equivalents and investments, at fair value	-	3,972,961	-	-
Accrued interest	-	20,197	-	-
Escrow deposit	-	-	194,000	10,000
Lease assets, net of accumulated amortization	-	-	244,437	-
SBITA assets, net of accumulated amortization	2,470	-	-	-
Capital assets, net of accumulated depreciation	709,843	8,787,342	-	-
Total noncurrent assets	712,313	12,780,500	438,437	10,000
Total assets	18,883,245	16,326,912	6,031,527	1,337,468
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charges on refunding	-	-	-	-
Deferred pension balances	883,093	1,038,290	-	435,233
Deferred other post employment benefits balances	99,909	112,730	-	38,729
Total deferred outflows of resources	983,002	1,151,020	-	473,962
LIABILITIES:				
Current liabilities:				
Accounts payable	197,154	3,051,211	-	275,196
Retainage payable	-	-	-	-
Claims payable	-	-	3,951,994	821,345
Compensated absences payable	101,584	138,749	-	30,893
Deposits	-	-	-	-
Accrued interest	-	43,301	-	-
Interfund payables	17,700,000	-	-	-
Payable from restricted assets:	-	-	-	-
Accounts payable	-	-	-	-
Retainage payable	-	236,648	-	-
Interfund payables	-	-	-	-
Certificate and general obligation bonds	-	315,871	-	-
Total current liabilities	17,998,738	3,785,780	3,951,994	1,127,434
Noncurrent liabilities:				
Leases payable	-	-	247,072	-
SBITA payable	-	-	-	-
Payable from restricted assets:				-
General obligation bonds payable	-	-	-	-
Certificates of obligation	-	7,874,595	-	-
Compensated absences payable	2,571	50,927	-	17,740
Claims payable	-	-	-	4,032,928
Net pension liability	1,521,385	1,838,321	-	877,403
Total other post-employment benefits liability	685,570	717,469	-	343,972
Total noncurrent liabilities:	2,209,526	10,481,312	247,072	5,272,043
Total liabilities	20,208,264	14,267,092	4,199,066	6,399,477
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows - leases	-	-	-	-
Deferred pension balances	-	-	-	-
Deferred other post employment benefits balances	209,577	246,554	-	76,123
Total deferred inflows of resources	209,577	246,554	-	76,123
NET POSITION:				
Net investment in capital assets	712,313	4,569,837	-	-
Restricted for capital acquisition	-	-	-	-
Unrestricted	(1,263,907)	(1,605,551)	1,832,461	(4,664,170)
Total net position	$ (551,594)	$ 2,964,286	$ 1,832,461	$ (4,664,170)

(continued on the following page)

CITY OF DENTON, TEXAS
COMBINING STATEMENT OF NET POSITION (concluded)
INTERNAL SERVICE FUNDS
AS OF SEPTEMBER 30, 2023

Exhibit XXVI

	Technology Services Fund	Engineering Services Fund	Customer Service Fund	Facilities Fund	Total Internal Service Funds
ASSETS:					
Current assets:					
Cash, cash equivalents and investments, at fair value	$ 4,044,266	$ 718,847	$ 1,222,165	$ 348,152	$ 16,874,346
Receivables, net of allowances:					
Accrued interest	20,559	3,654	6,190	1,770	83,796
Other	1,178,426	312,777	-	-	1,538,009
Interfund receivables	-	-	-	-	-
Merchandise inventory	-	-	-	-	17,995,493
Prepaid items	-	-	-	-	3,064
Debt issuance costs	-	-	-	-	-
Total current assets	5,243,251	1,035,278	1,228,355	349,922	36,494,708
Noncurrent assets:					
Restricted assets:					
Cash, cash equivalents and investments, at fair value	29,656	-	575,654	-	4,578,271
Accrued interest	151	-	2,926	-	23,274
Escrow deposit	-	-	-	-	204,000
Lease assets, net of accumulated amortization	-	-	-	-	244,437
SBITA assets, net of accumulated amortization	4,882,411	360,572	155,594	-	5,401,047
Capital assets, net of accumulated depreciation	5,368,514	30,097	1,234,974	1,165,012	17,295,782
Total noncurrent assets	10,280,732	390,669	1,969,148	1,165,012	27,746,811
Total assets	15,523,983	1,425,947	3,197,503	1,514,934	64,241,519
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred charges on refunding	-	-	-	-	-
Deferred pension balances	2,814,324	1,894,143	1,553,371	568,517	9,186,971
Deferred other post employment benefits balances	245,306	182,221	165,096	66,366	910,357
Total deferred outflows of resources	3,059,630	2,076,364	1,718,467	634,883	10,097,328
LIABILITIES:					
Current liabilities:					
Accounts payable	692,223	873,761	612,934	264,621	5,967,100
Retainage payable	-	-	-	-	-
Claims payable	-	-	-	-	4,773,339
Compensated absences payable	372,221	224,964	186,865	40,978	1,096,254
Deposits	-	549,917	-	-	549,917
Accrued interest	35,441	-	8,703	-	87,445
Interfund payables	-		-	-	17,700,000
Payable from restricted assets:	-	-	-	-	-
Accounts payable	-	-	-	-	-
Retainage payable	-	-	-	-	236,648
Interfund payables	-	-	-	-	-
Certificate and general obligation bonds	356,700	-	53,804	-	726,375
Total current liabilities	1,456,585	1,648,642	862,306	305,599	31,137,078
Noncurrent liabilities:					
Leases payable	-	-	-	-	247,072
SBITA payable	4,594,075	262,920	146,126	-	5,003,121
Payable from restricted assets:					-
General obligation bonds payable	-	-	-	-	-
Certificates of obligation	130,022	-	1,142,821	-	9,147,438
Compensated absences payable	94,721	56,111	2,061	7,446	231,577
Claims payable	-	-	-	-	4,032,928
Net pension liability	4,781,761	3,437,059	2,992,247	1,333,708	16,781,884
Total other post-employment benefits liability	1,566,785	1,071,661	1,027,560	457,371	5,870,388
Total noncurrent liabilities:	11,167,364	4,827,751	5,310,815	1,798,525	41,314,408
Total liabilities	12,623,949	6,476,393	6,173,121	2,104,124	72,451,486
DEFERRED INFLOWS OF RESOURCES:					
Deferred inflows - leases	1,092,767	-	-	-	1,092,767
Deferred pension balances	-	-	-	-	-
Deferred other post employment benefits balances	536,167	409,826	428,815	138,133	2,045,195
Total deferred inflows of resources	1,628,934	409,826	428,815	138,133	3,137,962
NET POSITION:					
Net investment in capital assets	5,199,784	127,749	623,471	1,165,012	12,398,166
Restricted for capital acquisition	-	-	-	-	-
Unrestricted	(869,054)	(3,511,657)	(2,309,437)	(1,257,452)	(13,648,767)
Total net position	$ 4,330,730	$ (3,383,908)	$ (1,685,966)	$ (92,440)	$ (1,250,601)

(concluded)

CITY OF DENTON, TEXAS **Exhibit XXVII**
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Materials Management Fund	Fleet Services Fund	Health Insurance Fund	Risk Retention Fund
OPERATING REVENUES:				
Charges for goods and services	$ 17,346,652	$ 14,763,835	$ 31,739,589	$ 6,068,277
Miscellaneous	63,474	12,344	2,606,982	888,330
Total operating revenues	17,410,126	14,776,179	34,346,571	6,956,607
OPERATING EXPENSES:				
Operating expenses before depreciation and amortization	17,452,315	14,561,640	35,692,254	7,693,257
Depreciation and amortization	42,777	217,406	56,409	
Total operating expenses	17,495,092	14,779,046	35,748,663	7,693,257
Operating income (loss)	(84,966)	(2,867)	(1,402,092)	(736,650)
NONOPERATING REVENUES (EXPENSES):				
Investment revenue (loss)	8,718	230,230	180,403	87,702
Interest expense and fiscal charges	(426)	(238,323)	(389)	-
Gain on disposal of capital assets	-	-	-	-
Other non-operating expenses	-	-	(2,246)	-
Total non-operating revenues (expenses)	8,292	(8,093)	177,768	87,702
Income (loss) before contributions and transfers	(76,674)	(10,960)	(1,224,324)	(648,948)
Capital contributions	-	-	-	-
Transfers in	140	-	-	-
Transfers out	-	-	-	(346,446)
Total contributions and transfers	140	-	-	(346,446)
Change in net position	(76,534)	(10,960)	(1,224,324)	(995,394)
Net position at beginning of year	(475,060)	2,975,246	3,056,785	(3,668,776)
Total net position at end of year	$ (551,594)	$ 2,964,286	$ 1,832,461	$ (4,664,170)

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XXVII**
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION (concluded)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Technology Services Fund	Engineering Services Fund	Customer Service Fund	Facilities Fund	Total Internal Service Funds
OPERATING REVENUES:					
Charges for goods and services	$ 18,780,869	$ 8,034,095	$ 8,067,924	$ 6,310,858	$ 111,112,099
Miscellaneous	247,191	-	392	1,555	3,820,268
Total operating revenues	19,028,060	8,034,095	8,068,316	6,312,413	114,932,367
OPERATING EXPENSES:					
Operating expenses before depreciation and amortization	16,950,261	8,685,319	7,900,240	6,350,299	115,285,585
Depreciation and amortization	3,909,719	181,794	150,560	83,231	4,641,896
Total operating expenses	20,859,980	8,867,113	8,050,800	6,433,530	119,927,481
Operating income (loss)	(1,831,920)	(833,018)	17,516	(121,117)	(4,995,114)
NONOPERATING REVENUES (EXPENSES):					
Investment revenue (loss)	181,786	40,318	272,693	42,433	1,044,283
Interest expense and fiscal charges	(192,258)	(4,532)	(32,201)	-	(468,129)
Gain on disposal of capital assets	5,227	-	-	-	5,227
Other non-operating expenses	-	2,961	-	-	715
Total non-operating revenues (expenses)	(5,245)	38,747	240,492	42,433	582,096
Income (loss) before contributions and transfers	(1,837,165)	(794,271)	258,008	(78,684)	(4,413,018)
Capital contributions	3,654	-	-	-	3,654
Transfers in	-	102,067	-	-	102,207
Transfers out	-	(50,000)	-	(34,000)	(430,446)
Total contributions and transfers	3,654	52,067	-	(34,000)	(324,585)
Change in net position	(1,833,511)	(742,204)	258,008	(112,684)	(4,737,603)
Net position at beginning of year	6,164,241	(2,641,704)	(1,943,974)	20,244	3,487,002
Total net position at end of year	$ 4,330,730	$ (3,383,908)	$ (1,685,966)	$ (92,440)	$ (1,250,601)

(concluded)

CITY OF DENTON, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Exhibit XXVIII

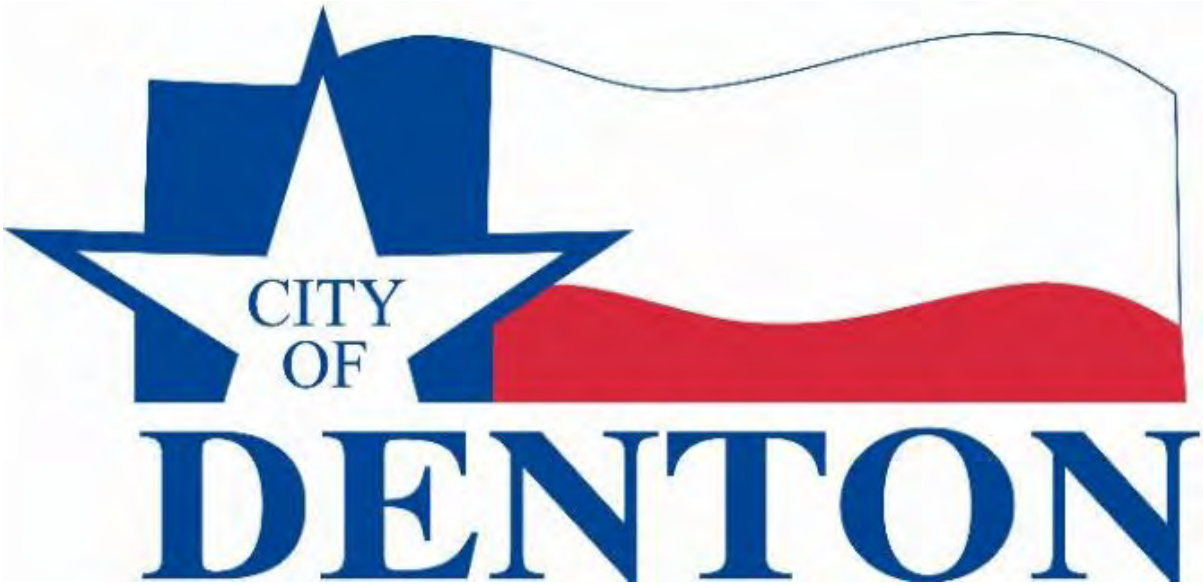
	Materials Management Fund	Fleet Services Fund	Health Insurance Fund	Risk Retention Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 17,410,126	$ 14,780,973	$ 34,346,571	$ 7,066,659
Cash paid to employees for services	(2,426,717)	(2,814,859)	-	(1,150,154)
Cash paid to suppliers	(14,758,907)	(9,959,655)	(34,249,577)	(6,019,355)
Net cash provided (used) by operations	224,502	2,006,459	96,994	(102,850)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers out	-	-	-	(346,446)
Transfers in	140	-	-	-
Net cash provided (used) by noncapital financing activities	140	-	-	(346,446)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Principal payments on capital debt	-	(2,853,713)	-	-
Interest and fiscal charges	(47,123)	(234,935)	-	-
Principal payments under capital lease obligation	(1,243)	-	-	-
Proceeds from lease financing	-	-	2,636	-
Proceeds from issuance of debt	-	3,890,000	-	-
Proceeds from capital contributions and transfers in	-	-	-	-
Proceeds from the sale of fixed assets	-	-	-	-
Acquisition of lease assets	-	-	244,437	-
Lease liability	-	-	(247,073)	-
Acquisition of SBITA assets	(27,165)	-	-	-
SBITA liability	-	-	-	-
Acquisition and construction of capital assets	(19,881)	(4,622,672)	-	-
Net cash provided (used) by capital financing activities	(95,412)	(3,821,320)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale and maturities of investment securities	813	587,196	2,324,695	152,834
Purchase of investment securities	-	-	(2,915,498)	-
Interest received on investments	7,905	196,411	167,179	85,775
Net cash provided (used) by investing activities	8,718	783,607	(423,624)	238,609
Net increase (decrease) in cash and cash equivalents	137,948	(1,031,254)	(326,631)	(210,686)
Cash and cash equivalents at beginning of year	247,992	2,761,464	1,656,066	526,215
Cash and cash equivalents at end of year	385,940	1,730,210	1,329,435	315,529
Investments, at fair value	-	5,512,172	4,235,366	1,005,225
Cash, cash equivalents and investments, at fair value	$ 385,940	$ 7,242,382	$ 5,564,801	$ 1,320,754
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	$ (84,966)	$ (2,867)	$ (1,402,092)	$ (736,650)
Adjustments:				
Depreciation and Amortization expense	42,777	217,406	56,409	-
Decrease (Increase) in receivables	-	4,794	-	110,052
Decrease (Increase) in interfund receivables	-	-	-	-
Decrease (Increase) in inventories	(3,616,078)	(65,629)	-	-
Decrease (Increase) in customer deposits	-	-	-	-
Decrease (Increase) in prepaid items	12,585	-	-	-
Increase in escrow deposits items	-	-	61,201	-
Increase (Decrease) in accounts payable	(1,515,706)	1,703,375	1,381,476	454,190
Increase (Decrease) in compensated absences	(5,795)	(4,299)	-	7,656
Increase in interfund payables	5,256,652	-	-	-
Increase in net pension balances	112,247	129,852	-	54,317
Increase in other post-employment benefit balances	22,786	23,827	-	7,585
Increase (Decrease) in lease deferred inflows	-	-	-	-
Total adjustments	309,468	2,009,326	1,499,086	633,800
Net cash provided (used) by operating activities	$ 224,502	$ 2,006,459	$ 96,994	$ (102,850)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Increase (Decrease) in fair value of investments	-	38,259	17,668	7,546

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XXVIII**
COMBINING STATEMENT OF CASH FLOWS (concluded)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Technology Services Fund	Engineering Services Fund	Customer Service Fund	Facilities Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	$ 19,006,605	$ 8,057,286	$ 8,068,316	$ 6,312,413	$ 115,048,949
Cash paid to employees for services	(7,441,463)	(4,013,729)	(4,106,341)	(1,596,018)	$ (23,549,281)
Cash paid to suppliers	(9,096,959)	(3,743,576)	(3,324,777)	(4,713,174)	$ (85,865,980)
Net cash provided (used) by operations	2,468,183	299,981	637,198	3,221	5,633,688
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers out	-	(50,000)	-	(34,000)	(430,446)
Transfers in	-	102,067	-	-	102,207
Net cash provided (used) by noncapital financing activities	-	52,067	-	(34,000)	(328,239)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Principal payments on capital debt	(323,014)	-	(54,162)	-	(3,230,889)
Interest and fiscal charges	(160,808)	(4,532)	(32,201)	-	(479,599)
Principal payments under capital lease obligation		-	-	-	(1,243)
Proceeds from lease financing	-	-	-	-	2,636
Proceeds from issuance of debt	158,014	-	-	-	4,048,014
Proceeds from capital contributions and transfers in	3,654	-	-	-	3,654
Proceeds from the sale of fixed assets	-	2,961	-	-	2,961
Acquisition of lease assets	-	-	-	-	244,437
Lease liability	-	-	-	-	(247,073)
Acquisition of SBITA assets	(6,306,326)	(530,903)	(295,980)	-	(7,160,374)
SBITA liability	4,594,075	262,920	146,126	-	5,003,121
Acquisition and construction of capital assets	(1,451,749)	-	(460,468)	-	(6,554,770)
Net cash provided (used) by capital financing activities	(3,486,154)	(269,554)	(696,685)	-	(8,369,125)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sale and maturities of investment securities	2,775,108	570,227	3,774,990	398,048	10,583,911
Purchase of investment securities	(2,480,408)	(706,180)	(4,027,050)	(428,558)	(10,557,694)
Interest received on investments	160,373	38,364	244,446	39,078	939,531
Net cash provided (used) by investing activities	455,073	(97,589)	(7,614)	8,568	965,748
Net increase (decrease) in cash and cash equivalents	(562,898)	(15,095)	(67,101)	(22,211)	(2,097,928)
Cash and cash equivalents at beginning of year	1,536,161	186,828	500,026	105,385	7,520,137
Cash and cash equivalents at end of year	973,263	171,733	432,925	83,174	5,422,209
Investments, at fair value	3,100,659	547,114	1,364,894	264,978	16,030,408
Cash, cash equivalents and investments, at fair value	$ 4,073,922	$ 718,847	$ 1,797,819	$ 348,152	$ 21,452,617
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	$ (1,831,920)	$ (833,018)	$ 17,516	$ (121,117)	$ (4,995,114)
Adjustments:					
Depreciation and Amortization expense	3,909,719	181,794	150,560	83,231	4,641,896
Decrease (Increase) in receivables	75,898	50,624	-	-	241,368
Decrease (Increase) in interfund receivables	-	-	-	-	-
Decrease (Increase) in inventories	-	-	-	-	(3,681,707)
Decrease (Increase) in customer deposits	-		-	-	-
Decrease (Increase) in prepaid items	1,174	-	-	-	13,759
Increase in escrow deposits items	-	-	-	-	61,201
Increase (Decrease) in accounts payable	(43,669)	610,727	256,404	(50,166)	2,796,631
Increase (Decrease) in compensated absences	(2,179)	38,906	(14,477)	2,139	21,951
Increase in interfund payables	-	(27,433)	-	-	5,229,219
Increase in net pension balances	409,758	521,187	183,524	74,863	1,485,748
Increase in other post-employment benefit balances	46,755	(242,806)	43,671	14,271	(83,911)
Increase (Decrease) in lease deferred inflows	(97,353)	-	-	-	(97,353)
Total adjustments	4,300,103	1,132,999	619,682	124,338	10,628,802
Net cash provided (used) by operating activities	$ 2,468,183	$ 299,981	$ 637,198	$ 3,221	$ 5,633,688
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Increase (Decrease) in fair value of investments	21,088	1,600	4,718	1,150	92,029

(concluded)


CITY
OF
DENTON

STATISTICAL SECTION

This part of the City of Denton's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time. (Tables 1 – 4)

Revenue Capacity

These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax. These tables do not include the Electric fund information due to confidentiality of information necessary for competitive rates. (Tables 5 – 8)

Debt Capacity

These schedules present information to help the reader assess the affordability of the city's current level of outstanding debt and the city's ability to issue additional debt in the future. (Tables 9 – 12)

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place. (Tables 13 – 14)

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs. (Tables 15 – 17)

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY OF DENTON, TEXAS **Table 1**
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2014	2015	2016	2017	2018
Governmental activities					
Net investment in capital assets	$ 128,915,116	$ 141,914,877	$ 145,309,987	$ 165,408,284	$ 194,210,730
Restricted	12,233,226	13,215,421	13,736,624	14,530,908	21,654,948
Unrestricted	28,096,148	(8,775,520)	(3,620,580)	(6,509,698)	(19,332,607)
Total governmental activities net position	169,244,490	146,354,778	155,426,031	173,429,494	196,533,071
Business-type activities					
Net investment in capital assets	383,678,313	421,894,337	460,330,063	502,801,204	540,697,505
Restricted	28,056,605	25,356,458	8,892,547	11,516,207	20,209,408
Unrestricted	139,515,508	122,542,446	151,234,604	145,191,889	177,836,401
Total business-type activities net position	551,250,426	569,793,241	620,457,214	659,509,300	738,743,314
Primary government					
Net investment in capital assets	512,593,429	563,809,214	605,640,050	668,209,488	734,908,235
Restricted	40,289,831	38,571,879	22,629,171	26,047,115	41,864,356
Unrestricted	167,611,656	113,766,926	147,614,024	138,682,191	158,503,794
Total primary government net position	$ 720,494,916	$ 716,148,019	$ 775,883,245	$ 832,938,794	$ 935,276,385

(continued on the following page)

Source: Annual Comprehensive Financial Reports

CITY OF DENTON, TEXAS **Table 1**
NET POSITION BY COMPONENT (concluded)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2019	2020	2021	2022	2023
Governmental activities					
Net investment in capital assets	$ 242,957,674	$ 288,548,831	$ 324,398,859	$ 368,485,279	$ 394,899,297
Restricted	30,348,748	29,974,236	31,847,883	35,792,764	42,215,668
Unrestricted	(39,525,390)	(36,726,698)	(27,553,444)	2,815,218	9,172,313
Total governmental activities net position	233,781,032	281,796,369	328,693,298	407,093,261	446,287,278
Business-type activities					
Net investment in capital assets	589,492,414	661,996,500	716,242,869	773,134,073	820,950,533
Restricted	32,678,917	38,024,525	47,267,201	73,714,031	95,817,087
Unrestricted	173,355,308	162,312,209	183,575,000	219,065,186	186,026,842
Total business-type activities net position	795,526,639	862,333,234	947,085,070	1,065,913,290	1,102,794,462
Primary government					
Net investment in capital assets	832,450,088	950,545,331	1,040,641,728	1,141,619,352	1,215,849,830
Restricted	63,027,665	67,998,761	79,115,084	109,506,795	138,032,755
Unrestricted	133,829,918	125,585,511	156,021,556	221,880,404	195,199,155
Total primary government net position	$ 1,029,307,671	$ 1,144,129,603	$ 1,275,778,368	$ 1,473,006,551	$ 1,549,081,740

(concluded)

Source: Annual Comprehensive Financial Reports

CITY OF DENTON, TEXAS **Table 2**
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2014	2015	2016	2017	2018
EXPENSES					
Governmental activities:					
General government	$30,476,840	$31,260,126	$33,847,052	$40,761,972	$37,968,945
Public safety	56,893,859	58,132,146	63,118,516	68,546,557	71,945,219
Public works	16,950,280	20,331,934	24,557,482	24,994,628	25,683,779
Parks and recreation	14,543,461	14,982,742	16,043,697	16,792,417	17,422,273
Interest expense	4,339,154	4,384,973	4,664,608	4,970,968	5,379,149
Total governmental activities expenses	123,203,594	129,091,921	142,231,355	156,066,542	158,399,365
Business-type activities:					
Electric system	157,906,294	158,106,661	145,963,753	174,900,860	168,110,899
Water system	24,023,392	25,870,489	26,000,734	28,202,500	27,481,058
Wastewater system	22,176,191	24,307,305	23,921,154	26,730,157	26,284,049
Solid waste	23,844,055	26,766,890	29,435,101	34,532,856	29,028,299
Airport	2,435,446	2,100,281	2,536,460	1,930,767	1,802,703
Total business-type activities expenses	230,385,378	237,151,626	227,857,202	266,297,140	252,707,008
Total primary government expenses	353,588,972	366,243,547	370,088,557	422,363,682	411,106,373
PROGRAM REVENUES					
Governmental activities:					
Charges for services:					
General government	4,645,655	5,364,405	6,015,305	5,266,777	6,489,438
Public safety	7,064,927	7,276,024	9,827,784	8,773,221	8,221,314
Public works	885,010	707,604	729,528	879,453	649,293
Parks and recreation	5,833,238	4,926,465	5,268,637	4,414,379	4,852,322
Operating grants and contributions	4,788,149	3,380,119	2,855,501	4,667,791	3,697,696
Capital grants and contributions	11,127,695	10,443,220	5,885,033	17,180,091	33,991,306
Total governmental activities program revenues	34,344,674	32,097,837	30,581,788	41,181,712	57,901,369
Business-type activities:					
Charges for services:					
Electric system	150,362,507	167,696,288	166,290,498	172,027,080	198,748,366
Water system	34,865,803	37,572,331	38,181,034	41,332,006	48,912,059
Wastewater system	28,629,754	30,790,885	31,900,885	33,360,603	35,594,624
Solid waste	25,980,914	29,091,216	31,236,506	33,847,593	33,590,463
Airport	1,925,825	1,277,402	1,183,661	1,495,619	1,625,672
Capital grants and contributions	5,656,622	8,593,699	7,705,101	20,347,889	20,519,510
Total business-type activities program revenues	247,421,425	275,021,821	276,497,685	302,410,790	338,990,694
Total primary government program revenues	281,766,099	307,119,658	307,079,473	343,592,502	396,892,063
NET (EXPENSE)/REVENUE					
Governmental activities	(88,858,920)	(96,994,084)	(111,649,567)	(114,884,830)	(100,497,996)
Business-type activities	17,036,047	37,870,195	48,640,483	36,113,650	86,283,686
Total primary government program net expense	$ (71,822,873)	$ (59,123,889)	$ (63,009,084)	$ (78,771,180)	$ (14,214,310)

CITY OF DENTON, TEXAS **Table 2**
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2014	2015	2016	2017	2018
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION					
Governmental activities:					
Taxes:					
Property tax	$48,833,077	$54,174,965	$58,788,255	$64,348,754	$67,185,610
Sales tax[1]	27,764,114	30,601,965	32,624,297	36,841,137	38,270,026
Franchise tax	21,001,427	21,996,031	22,659,014	24,211,081	26,007,002
Hotel occupancy tax	1,982,643	2,156,294	2,243,264	2,374,221	2,733,720
Beverage tax	419,498	573,758	597,284	617,662	632,217
Bingo tax	20,684	20,380	18,910	13,633	11,244
Investment income	563,236	759,334	1,019,594	1,330,008	1,937,579
Gain (Loss) on sale of capital assets	-	707,966	498,265	192,583	188,958
Miscellaneous	1,980,545	1,220,060	1,087,504	2,042,274	4,700,466
Transfers	876,525	1,140,938	1,184,433	916,940	(1,104,290)
Total governmental activities	103,441,749	113,351,691	120,720,820	132,888,293	140,562,532
Business-type activities:					
Investment income	1,355,730	1,692,971	2,010,008	3,471,635	4,083,560
Gain (Loss) on sale of capital assets	-	42,455	1,197,915	383,741	240,740
Miscellaneous	521,013	-	-	-	-
Transfers	(876,525)	(1,140,938)	(1,184,433)	(916,940)	1,104,290
Total business-type activities	1,000,218	594,488	2,023,490	2,938,436	5,428,590
Total primary government	104,441,967	113,946,179	122,744,310	135,826,729	145,991,122
CHANGE IN NET POSITION					
Governmental activities	14,582,829	16,357,607	9,071,253	18,003,463	40,064,536
Business-type activities	18,036,265	38,464,683	50,663,973	39,052,086	91,712,276
Total primary government	$ 32,619,094	$ 54,822,290	$ 59,735,226	$ 57,055,549	$ 131,776,812

(continued on the following page)

Source: Annual Comprehensive Financial Reports

CITY OF DENTON, TEXAS **Table 2**
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2019	2020	2021	2022	2023
EXPENSES					
Governmental activities:					
General government	$39,051,942	$37,921,928	$37,401,990	$40,369,454	$53,383,319
Public safety	77,883,435	82,119,480	82,678,373	87,970,791	$104,695,335
Public works	24,502,864	26,049,847	24,800,411	25,489,369	$39,086,849
Parks and recreation	17,710,634	15,759,371	19,295,206	22,787,282	$28,096,065
Interest expense	6,750,917	6,757,736	7,380,293	8,571,877	$10,198,425
Total governmental activities expenses	165,899,792	168,608,362	$171,556,273	$185,188,773	$235,459,993
Business-type activities:					
Electric system	236,131,640	195,306,979	307,772,345	270,421,754	364,624,498
Water system	29,689,758	32,013,603	28,428,703	35,891,682	41,005,645
Wastewater system	28,317,484	31,018,019	32,247,857	36,814,363	41,810,385
Solid waste	30,541,859	32,370,675	32,734,938	34,117,196	38,049,052
Airport	2,017,380	1,706,646	1,674,412	2,437,563	2,421,380
Total business-type activities expenses	326,698,121	292,415,922	402,858,255	379,682,558	487,910,960
Total primary government expenses	492,597,913	461,024,284	574,414,528	564,871,331	723,370,953
PROGRAM REVENUES					
Governmental activities:					
Charges for services:					
General government	6,460,483	8,007,187	8,038,235	12,705,349	9,008,753
Public safety	7,233,973	5,234,958	5,788,122	5,640,947	6,364,307
Public works	712,953	1,177,961	775,279	804,751	784,136
Parks and recreation	5,868,619	3,022,162	4,150,336	6,052,680	7,547,307
Operating grants and contributions	4,092,532	8,991,320	8,607,304	9,545,392	10,623,546
Capital grants and contributions	28,085,591	34,911,879	23,945,640	34,406,757	27,351,806
Total governmental activities program revenues	52,454,151	61,345,467	51,304,916	69,155,876	61,679,855
Business-type activities:					
Charges for services:					
Electric system	242,437,211	217,111,983	342,640,914	293,811,955	329,513,796
Water system	45,886,900	47,125,123	50,670,242	65,873,478	65,514,614
Wastewater system	35,042,110	36,146,835	38,393,521	46,616,569	47,276,024
Solid waste	34,670,519	36,142,207	37,635,030	40,574,676	39,176,607
Airport	1,397,581	1,286,479	1,586,333	2,239,264	1,896,148
Capital grants and contributions	16,039,076	16,374,066	18,282,891	52,663,359	28,042,612
Total business-type activities program revenues	375,473,397	354,186,693	489,208,931	501,779,301	511,419,801
Total primary government program revenues	427,927,548	415,532,160	540,513,847	570,935,177	573,099,656
NET (EXPENSE)/REVENUE					
Governmental activities	(113,445,641)	(107,262,895)	(120,251,357)	(116,032,897)	(173,780,138)
Business-type activities	48,775,276	61,770,771	86,350,676	122,096,743	23,508,841
Total primary government program net expense	$ (64,670,365)	$ (45,492,124)	$ (33,900,681)	$ 6,063,846	$ (150,271,297)

(continued on the following page)

CITY OF DENTON, TEXAS **Table 2**
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2019	2020	2021	2022	2023
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION (concluded)					
Governmental activities:					
Taxes:					
Property tax	$71,351,314	$75,431,860	$78,243,553	$79,552,638	$92,185,668
Sales tax[1]	38,330,825	39,337,834	45,404,857	53,264,724	55,906,340
Franchise tax	26,160,639	29,503,569	32,047,074	38,132,032	39,963,334
Hotel occupancy tax	3,039,747	2,142,483	3,074,942	3,684,534	2,894,816
Beverage tax	661,823	440,766	511,326	671,493	707,315
Bingo tax	11,445	13,527	14,681	15,119	16,581
Investment income	6,093,100	2,999,094	326,158	(973,108)	11,029,848
Gain on sale of capital assets	95,760	103,796	(16,435)	564,787	-
Miscellaneous	3,930,285	4,008,679	5,566,698	7,534,118	6,253,238
Transfers	1,018,664	1,296,624	1,975,432	2,913,731	4,017,015
Total governmental activities	150,693,602	155,278,232	$167,148,286	$185,360,068	$212,974,155
Business-type activities:					
Investment income	9,026,713	6,099,964	264,722	(646,799)	17,370,180
Gain on sale of capital assets	-	232,484	111,870	292,007	19,166
Miscellaneous	-	-	-	-	-
Transfers	(1,018,664)	(1,296,624)	(1,975,432)	(2,913,731)	(4,017,015)
Total business-type activities	8,008,049	5,035,824	(1,598,840)	(3,268,523)	13,372,331
Total primary government	158,701,651	160,314,056	165,549,446	182,091,545	226,346,486
CHANGE IN NET POSITION					
Governmental activities	37,247,961	48,015,337	46,896,929	69,327,171	39,194,017
Business-type activities	56,783,325	66,806,595	84,751,836	118,828,220	36,881,172
Total primary government	$ 94,031,286	$ 114,821,932	$ 131,648,765	$ 188,155,391	$ 76,075,189

(concluded)

Source: Annual Comprehensive Financial Reports

CITY OF DENTON, TEXAS **Table 3**
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2014	2015	2016	2017	2018
General fund					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Reserved for encumbrances	-	-	-	-	-
Unreserved, designated	-	-	-	-	-
Committed to streets	-	-	-	-	-
Assigned to use of reserves	661,545	-	99,365	-	1,398,704
Unassigned	25,176,737	27,365,168	28,070,483	31,770,773	28,918,681
Total general fund	25,838,282	27,365,168	28,169,848	31,770,773	30,317,385
All other governmental funds					
Restricted for:					
Debt Service	4,726,841	4,791,880	4,893,032	5,409,144	5,529,483
Public Works	-	-	-	-	
Parks and recreation	11,584,890	14,288,659	13,553,834	10,599,568	9,153,654
Streets and drainage projects	25,790,648	42,537,941	46,511,509	51,149,305	82,702,916
Other capital projects	11,925,978	10,603,695	13,512,733	18,544,086	21,984,608
Other grants and purposes	2,465,093	3,218,466	3,319,230	4,104,036	7,158,843
Committed to:					
Streets	916,613	1,388,223	1,798,624	1,158,667	4,495,971
Parks and recreation	573,429	513,484	498,150	439,825	520,852
Other purposes	3,560,159	4,430,392	5,500,983	6,889,093	3,150,491
Assigned to:					
Streets and drainage projects	423,152	2,214,613	3,430,681	7,897,077	10,591,478
Use of reserves	-	-	-	-	-
Other capital projects	2,868,390	1,666,029	3,728,955	6,945,492	7,440,133
Other purposes	34,847	49,630	74,558	59	59
Unassigned	(144,084)	(73,857)	(242,338)	(2,942,377)	(943,930)
Total all other governmental funds	$ 64,725,956	$ 85,629,155	$ 96,579,951	$ 110,193,975	$ 151,784,558

(continued on the following page)

Source: Annual Comprehensive Financial Reports

CITY OF DENTON, TEXAS **Table 3**
FUND BALANCES OF GOVERNMENTAL FUNDS (concluded)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2019	2020	2021	2022	2023
General fund					
Nonspendable	$ -	$ 5,184	$ -	$ -	$ -
Reserved for encumbrances	-	-	-	-	-
Unreserved, designated	-	-	-	-	-
Committed to streets	-	-	-	-	-
Assigned to use of reserves	160,606	-	-	-	-
Unreserved, undesignated, unassigned	30,578,238	33,777,027	38,499,992	45,459,406	44,600,382
Total general fund	30,738,844	33,782,211	38,499,992	45,459,406	44,600,382
All other governmental funds					
Restricted for:					
Debt Service	5,453,180	5,325,062	4,680,742	2,411,532	1,138,403
Public Works				-	-
Parks and recreation	12,723,077	17,586,279	15,765,777	12,511,791	13,649,187
Streets and drainage projects	75,897,954	75,037,095	58,709,209	59,426,096	48,306,398
Other capital projects	20,271,843	30,142,806	69,314,699	70,482,880	84,667,842
Other grants and purposes	7,171,142	5,704,555	4,771,982	4,974,681	4,955,475
Committed to:					
Streets	5,965,815	9,340,552	12,817,321	11,104,916	17,804,149
Parks and recreation	549,415	555,629	418,155	53,516	60,000
Other purposes	3,779,944	3,361,851	4,902,548	6,605,432	12,454,606
Assigned to:					
Streets and drainage projects	10,867,803	4,231,795	8,402,327	16,492,913	16,382,349
Use of reserves	-	-	-	-	-
Other capital projects	8,907,816	7,459,112	10,610,950	9,044,538	9,677,154
Other purposes	61	181	271	610	750
Unassigned	(782,684)	(987,611)	(809,536)	(507,144)	(407,514)
Total all other governmental funds	$ 150,805,366	$ 157,757,306	$ 189,584,445	$ 192,601,761	$ 208,688,799

(concluded)

Source: Annual Comprehensive Financial Reports

CITY OF DENTON, TEXAS **Table 4**
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2014	2015	2016	2017	2018
REVENUES:					
Taxes:					
Property tax	$ 48,872,016	$ 54,230,541	$ 58,802,856	$ 64,317,641	$ 67,055,807
Sales tax	27,764,114	30,601,965	32,624,297	36,841,137	38,270,026
Hotel occupancy tax	1,982,643	2,156,294	2,243,264	2,374,221	2,733,720
Beverage tax	419,498	573,758	597,284	617,662	632,217
Bingo tax	20,684	20,380	18,910	13,633	11,244
Licenses and permits	1,978,421	2,782,395	3,106,162	3,016,697	3,739,691
Franchise fees	21,001,427	21,996,031	22,659,014	24,211,081	26,007,002
Fines and forfeitures	6,261,579	6,505,175	6,433,158	6,039,401	5,539,793
Fees for services	10,187,195	9,391,260	10,927,305	10,395,166	10,536,817
Investment revenue	563,236	759,334	1,019,594	1,330,008	1,937,579
Intergovernmental	10,986,128	10,236,689	5,217,302	9,647,977	30,518,141
Miscellaneous	2,648,160	1,387,127	1,347,258	2,382,708	5,053,082
Total revenues	132,685,101	140,640,949	144,996,404	161,187,332	192,035,119
EXPENDITURES:					
General government	28,188,722	29,277,275	31,024,356	31,330,757	32,800,175
Public safety	53,380,064	55,978,174	59,067,019	61,156,694	66,355,282
Public works	9,979,997	12,439,131	11,604,966	15,871,804	14,710,211
Parks and recreation	12,808,701	13,277,516	13,987,694	14,140,518	14,671,894
Capital outlay	20,660,461	23,712,400	25,966,695	38,191,803	54,829,949
Debt service:					
Principal retirement	10,703,071	11,918,983	13,390,576	14,351,487	15,429,697
Advance refunding escrow	-	120,519	147,687	103,950	-
Bond issuance costs	86,800	181,409	154,948	171,252	284,181
Interest and other charges	4,741,257	4,647,528	5,246,925	5,819,949	6,561,442
Total expenditures	140,549,073	151,552,935	160,590,866	181,138,214	205,642,831
Excess (deficiency) of revenues over (under) expenditures	(7,863,972)	(10,911,986)	(15,594,462)	(19,950,882)	(13,607,712)
OTHER FINANCING SOURCES (USES):					
Refunding bonds issued	3,130,000	14,290,000	12,045,000	10,850,000	-
Payment to refunded bond escrow agent	(3,194,293)	(15,604,758)	(14,075,445)	(11,358,665)	-
Issuance of long-term debt	12,635,000	29,240,000	22,780,000	33,405,000	56,960,000
Premium on debt issuance	635,037	3,214,914	4,317,817	3,077,360	3,206,728
Insurance recoveries	-	-	30,624	86,992	18,135
Proceeds of capital lease	-	-	150,155	-	-
Sale of capital assets	85,059	715,685	530,054	236,068	226,025
Transfers in	3,596,433	4,557,824	8,164,575	10,856,904	15,083,695
Transfers (out)	(2,735,717)	(3,071,594)	(6,592,842)	(9,987,828)	(21,749,676)
Total other financing sources (uses)	14,151,519	33,342,071	27,349,938	37,165,831	53,744,907
NET CHANGE IN FUND BALANCES	$ 6,287,547	$ 22,430,085	$ 11,755,476	$ 17,214,949	$ 40,137,195
Debt service as a percentage of noncapital expenditures	12.9%	13.0%	13.8%	14.1%	14.6%

Source: Annual Comprehensive Financial Reports

(continued on the following page)

CITY OF DENTON, TEXAS **Table 4**
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (concluded)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2019	2020	2021	2022	2023
REVENUES:					
Taxes:					
Property tax	$ 71,393,395	$ 75,413,501	$ 78,109,665	$ 79,552,638	$ 91,905,213
Sales tax	38,330,825	39,337,834	45,404,857	53,264,724	55,906,340
Hotel occupancy tax	3,039,748	2,142,483	3,074,942	3,684,534	2,894,816
Beverage tax	661,823	440,766	511,326	671,493	707,315
Bingo tax	11,445	13,527	14,681	15,119	16,581
Licenses and permits	3,889,820	5,225,128	5,939,320	9,058,717	6,049,752
Franchise fees	26,160,639	29,503,569	32,047,074	38,132,032	39,963,334
Fines and forfeitures	5,147,203	2,621,002	1,590,416	2,158,848	2,418,953
Fees for services	11,583,743	10,328,261	12,072,118	13,911,934	15,361,361
Investment revenue	6,093,100	2,999,094	326,158	(973,108)	11,029,848
Intergovernmental	22,477,192	31,907,490	23,014,733	21,757,882	28,857,990
Miscellaneous	5,043,652	4,049,419	5,756,438	7,797,900	6,599,451
Total revenues	193,832,585	203,982,074	207,861,728	229,032,713	261,710,954
EXPENDITURES:					
General government	35,528,063	33,242,486	34,002,983	36,260,036	43,404,684
Public safety	71,257,658	77,408,797	81,849,916	88,147,676	98,603,496
Public works	14,579,218	14,018,054	13,657,700	13,524,895	14,754,929
Parks and recreation	15,221,092	13,118,332	16,756,062	20,035,827	23,961,050
Capital outlay	64,835,885	86,392,357	80,873,532	110,971,677	100,357,577
Debt service:					
Principal retirement	16,904,637	17,929,324	19,768,191	21,768,842	22,555,789
Advance refunding escrow	-	-	-	55,186	178,390
Bond issuance costs	142,226	180,870	277,307	638,700	493,070
Interest and other charges	8,146,969	8,368,163	8,973,021	10,748,455	12,754,569
Total expenditures	226,615,748	250,658,383	256,158,712	302,151,294	317,063,554
Excess (deficiency) of revenues over (under) expenditures	(32,783,163)	(46,676,309)	(48,296,984)	(72,844,903)	(55,352,600)
OTHER FINANCING SOURCES (USES):					
Refunding bonds issued	-	2,490,000	1,415,000	2,145,000	9,300,000
Payment to refunded bond escrow agent	-	(2,973,354)	(1,691,409)	(2,203,141)	(10,156,875)
Issuance of long-term debt	25,870,000	49,205,000	75,600,000	63,960,000	60,075,000
Premium on debt issuance	2,006,343	6,250,067	7,098,821	5,255,571	6,811,509
Insurance recoveries	88,954	-		-	-
Proceeds of capital lease	-	-		-	-
Sale of capital assets	17,033	148,586	326,682	568,128	205,726
Transfers in	14,477,744	13,868,308	16,349,953	21,970,594	33,908,741
Transfers (out)	(10,234,644)	(12,316,991)	(14,257,143)	(17,947,311)	(29,563,487)
Total other financing sources (uses)	32,225,430	56,671,616	84,841,904	73,748,841	70,580,614
NET CHANGE IN FUND BALANCES	$ (557,733)	$ 9,995,307	$ 36,544,920	$ 903,938	$ 15,228,014
Debt service as a percentage of noncapital expenditures	15.5%	16.0%	16.4%	17.0%	16.3%

Source: Annual Comprehensive Financial Reports **(concluded)**

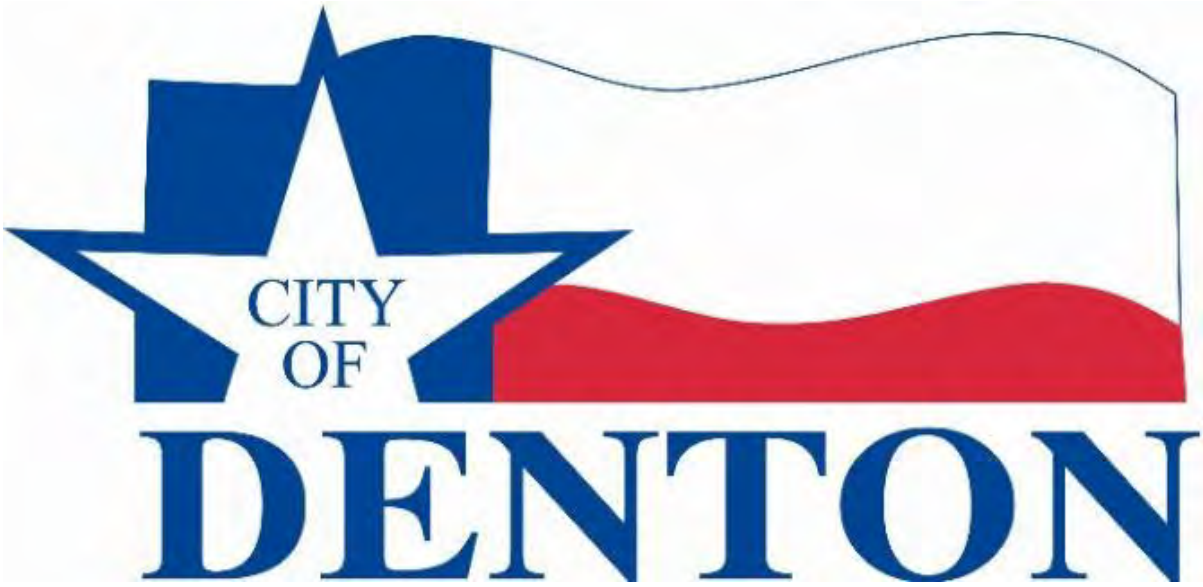
CITY OF DENTON, TEXAS **Table 5**
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Estimated Market Value: Real Property	Estimated Market Value: Personal Property	Less: Tax-Exempt Property	Less: Frozen Value[1]	Total Taxable Assessed Value[2]	Total Direct Tax Rate
2014	7,427,124,969	1,161,189,421	1,609,090,116	-	6,979,224,274	0.68975
2015	8,285,049,321	1,329,999,883	1,817,871,596	-	7,797,177,608	0.68975
2016	8,989,650,946	1,332,290,743	1,858,794,929	-	8,463,146,760	0.68975
2017	9,784,179,133	1,429,040,012	2,040,968,652	-	9,172,250,493	0.68334
2018	11,218,394,767	1,497,275,644	2,298,809,194	-	10,416,861,217	0.63786
2019	12,399,345,379	1,376,428,125	2,348,204,604	112,974,494	11,314,594,406	0.62048
2020	13,680,931,478	1,807,156,540	2,698,699,972	177,067,782	12,612,320,264	0.59045
2021	14,719,186,349	1,653,546,317	2,805,813,775	162,157,709	13,404,761,182	0.59045
2022	15,921,269,742	1,713,104,985	2,994,660,048	263,774,952	14,375,939,727	0.56582
2023	19,253,046,715	1,863,342,050	4,134,344,027	417,132,301	16,564,912,437	0.56068

Source: Denton Central Appraisal District

[1]Fiscal year 2019 marks the first year of the Over 65/Disabled tax limitation (freeze).

[2]Total Taxable Assessed Value from 2014-2023 include the Downtown and West Park TIRZ's.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CITY OF DENTON, TEXAS **Table 6**
PROPERTY TAX RATES (PER $100 OF ASSESSED VALUE)
DIRECT AND OVERLAPPING[1] GOVERNMENTS
LAST TEN FISCAL YEARS

	City of Denton			Overlapping Rates		
					School Districts	
Fiscal Year	Operating Rate	Debt Service Rate	Total Direct Rate	Denton County	Denton Independent School District	Argyle Independent School District
2014	0.47480	0.21495	0.68975	0.284914	1.53000	1.475000
2015	0.48119	0.20856	0.68975	0.272200	1.54000	1.570050
2016	0.47456	0.21519	0.68975	0.262000	1.54000	1.570050
2017	0.46674	0.21660	0.68334	0.248409	1.54000	1.570050
2018	0.43031	0.20755	0.63786	0.237812	1.54000	1.585050
2019	0.40543	0.21505	0.62048	0.225574	1.54000	1.585050
2020	0.38536	0.20509	0.59045	0.225278	1.47000	1.508000
2021	0.38036	0.21009	0.59045	0.224985	1.40760	1.418700
2022	0.35044	0.21537	0.56581	0.233086	1.36200	1.400000
2023	0.35643	0.20425	0.56068	0.217543	1.34460	1.397600

(continued on the following page)

Source: Denton County Tax Office
Denton County Central Appraisal District

[1]Overlapping rates are those of the school district and county government that apply to property owners within the City of Denton.

CITY OF DENTON, TEXAS **Table 6**
PROPERTY TAX RATES (PER $100 OF ASSESSED VALUE) (concluded)
DIRECT AND OVERLAPPING[1] GOVERNMENTS
LAST TEN FISCAL YEARS

	Overlapping Rates					
	School Districts					
Fiscal Year	Aubrey Independent School District	Krum Independent School District	Pilot Point Independent School District	Ponder Independent School District	Sanger Independent School District	Total Direct & Overlapping Rates (Range)
2014	1.510000	1.540000	1.370000	1.385000	1.372070	2.344664 - 2.514664
2015	1.510000	1.540000	1.370000	1.380800	1.372067	2.331950 - 2.532000
2016	1.510000	1.540000	1.370000	1.387500	1.372067	2.321750 - 2.521800
2017	1.510000	1.540000	1.370000	1.467840	1.372067	2.301749 - 2.501799
2018	1.510000	1.540000	1.370000	1.467790	1.372067	2.245668 - 2.460718
2019	1.590000	1.540000	1.370000	1.467790	1.372067	2.216051 - 2.436051
2020	1.568350	1.391830	1.268350	1.467780	1.308350	2.084082 - 2.384082
2021	1.508700	1.345082	1.218600	1.464180	1.197643	2.013078 - 2.324135
2022	1.460300	1.344930	1.160300	1.407780	1.142300	1.941196 - 2.259196
2023	1.442900	1.417500	1.211660	1.347700	1.410600	1.989883 - 2.221123

(concluded)

Source: Denton County Tax Office
Denton County Central Appraisal District

[1]**Overlapping rates are those of the school district and county government that apply to property owners within the City of Denton.**

CITY OF DENTON, TEXAS **Table 7**

PRINCIPAL PROPERTY TAXPAYERS

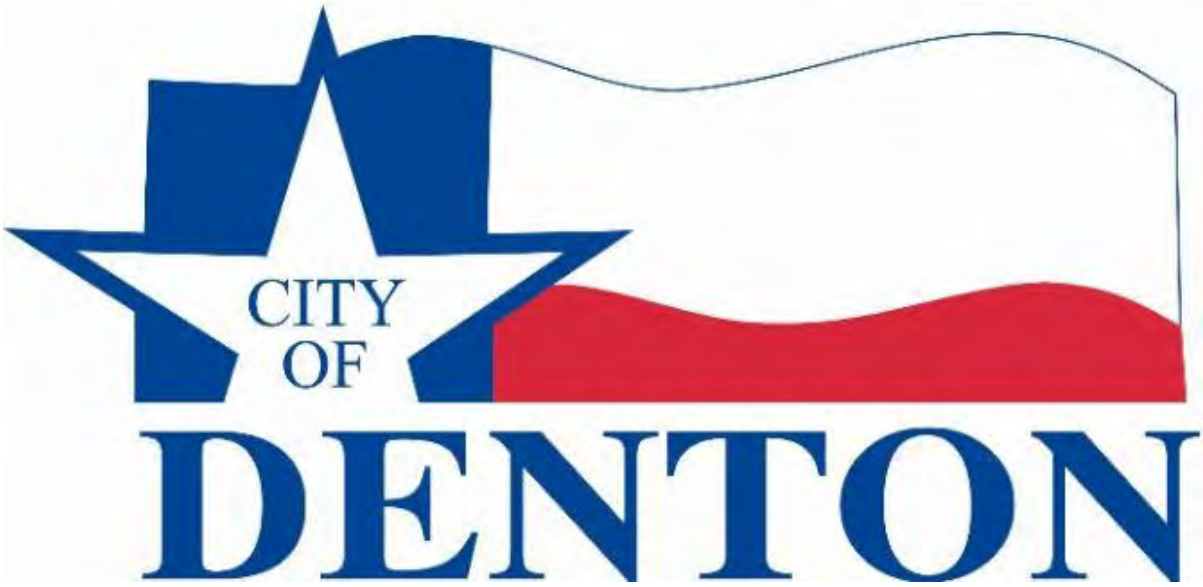
CURRENT YEAR AND NINE YEARS AGO

2023			2014		
Name of Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value[1]	Name of Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value[2]
Southwire Company, LLC	$110,244,449	0.67%	PACCAR Inc (Peterbilt)	$87,651,589	1.26%
Columbia Medical Center of Denton (Medical City Denton)	86,992,602	0.53%	Columbia Medical Center of Denton (Denton Regional Hospital)	82,293,895	1.18%
PACCAR Inc. (Peterbilt)	80,971,836	0.49%	Inland Western Crossing (Denton Crossing)	48,794,775	0.70%
Trdwind Timberlinks Borrower LLC	65,030,537	0.39%	Cypress Denton Station LTD (Forum at Denton Station Apartments)	37,841,264	0.54%
NREA Gardens, DST	64,800,000	0.39%	Flowers Baking Company of Denton LLC	31,563,925	0.45%
Rayzor Ranch Marketplace Associates LLC	64,765,228	0.39%	Verizon Southwest (Telephone Company)	28,717,740	0.41%
Winco Foods LLC	63,500,000	0.38%	HRA University Courtyard LLC (University Courtyard Apartments)	28,000,000	0.40%
RR Town Center Associates LLC	61,901,818	0.37%	Sterling-N TX LP (Fry Street Village)	27,371,796	0.39%
Village at Rayzor Ranch LLC	60,212,732	0.36%	Gel Timberlinks LLCD (Timberlinks at Denton Apartments and Country Club)	26,000,000	0.37%
Westdale Carriage Square LTD	59,705,000	0.36%	Anderson Merchandiser LP (Distribution Center)	24,987,385	0.36%
Total	$ 718,124,202	4.34%	Total	$ 423,222,369	6.06%

Source: Denton Central Appraisal District

[1]**Total taxable assessed value for tax year 2022 (fiscal year 2023) is $16,564,912,437**

[2]**Total taxable assessed value for tax year 2013 (fiscal year 2014) is $6,979,224,274**


CITY
OF
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CITY OF DENTON, TEXAS **Table 8**
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
				Amount	Percentage of Levy	
2014	48,398,900	74,580	48,473,480	48,083,910	99.20%	321,490
2015	53,829,793	(72,952)	53,756,841	53,503,029	99.53%	168,767
2016	58,634,172	4,196	58,638,368	58,280,013	99.39%	263,947
2017	64,030,255	(48,503)	63,981,752	63,702,954	99.56%	199,636
2018	66,830,333	(47,685)	66,782,648	66,493,774	99.57%	195,841
2019	70,914,567	(111,880)	70,802,687	70,345,941	99.35%	341,921
2020	75,040,101	(69,190)	74,970,911	74,711,122	99.65%	86,044
2021	77,955,896	(211,759)	77,744,137	77,539,353	99.74%	(9,063)
2022	79,440,823	(58,066)	79,382,757	79,125,105	99.68%	38,269
2023	91,758,521	-	91,758,521	91,245,193	99.44%	-

(continued on the following page)

Source: Denton County Tax Assessor

CITY OF DENTON, TEXAS **Table 8**
PROPERTY TAX LEVIES AND COLLECTIONS (concluded)
LAST TEN FISCAL YEARS

Fiscal Year	Total Collections to Date	
	Amount	Percentage of Levy
2014	48,405,400	99.86%
2015	53,671,796	99.84%
2016	58,543,960	99.84%
2017	63,902,590	99.88%
2018	66,689,615	99.86%
2019	70,687,862	99.84%
2020	74,797,166	99.77%
2021	77,530,290	99.72%
2022	79,163,374	99.72%
2023	91,245,193	99.44%
		(concluded)

Source: Denton County Tax Assessor

CITY OF DENTON, TEXAS **Table 9**
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Governmental Activities				Business-Type Activities		
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Premiums, Discounts	Other Obligations	Revenue Bonds	General Obligation Bonds	Certificates of Obligation
2014	78,316,161	41,570,000	3,593,057	1,102,864	112,170,000	79,188,839	290,640,000
2015	95,019,058	41,590,000	6,039,823	2,079,227	63,340,000	108,585,942	359,375,000
2016	109,861,174	34,565,000	9,250,779	1,373,230	-	141,063,826	416,465,000
2017	118,267,663	49,285,000	10,994,176	498,062	214,890,000	127,677,337	467,620,000
2018	127,647,935	81,200,000	12,515,724	4,171	214,890,000	111,347,065	447,050,000
2019	135,507,957	83,560,000	12,749,386	-	214,890,000	118,682,043	414,890,000
2020	150,187,533	99,295,000	17,024,883	-	207,310,000	121,872,467	396,900,000
2021	193,376,855	115,145,000	22,123,885	-	341,330,000	110,803,145	437,255,000
2022	236,288,240	118,055,000	24,952,600	-	332,955,000	99,701,760	506,945,000
2023	258,005,000	134,630,000	28,677,480	-	320,520,000	111,900,000	573,285,000

(continued on the following page)

Source: Annual Comprehensive Financial Reports

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF DENTON, TEXAS **Table 9**
RATIO OF OUTSTANDING DEBT BY TYPE (concluded)
LAST TEN FISCAL YEARS

	Business-Type Activities				
Fiscal Year	Premiums, Discounts	Other Obligations	Total Primary Government	Percentage of Personal Income[1]	Per Capita[1]
2014	23,263,019	-	629,843,940	0.02127%	5,242.28
2015	27,564,104	-	703,593,154	0.02359%	5,723.67
2016	38,514,641	-	751,093,650	0.02494%	5,994.94
2017	69,029,540	-	1,058,261,778	0.03176%	8,230.50
2018	61,504,481	-	1,056,157,358	0.03044%	7,965.29
2019	56,877,139	-	1,037,156,525	0.02752%	7,574.52
2020	57,094,682	-	1,049,684,565	0.02558%	7,446.90
2021	56,775,507	-	1,276,809,392	0.02930%	8,655.45
2022	57,106,692	-	1,376,004,292	0.02882%	9,288.16
2023	58,873,414	-	1,485,890,894	0.02929%	9,882.42

(concluded)

Source: Annual Comprehensive Financial Reports

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1]See Table 13 for personal income and population data.

CITY OF DENTON, TEXAS **Table 10**
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

	General Bonded Debt Outstanding						
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Premiums, Discounts	Less: Amounts Available in Debt Service Fund	Total	Percentage of Taxable Value of Property[1]	Per Capita[2]
2014	157,505,000	332,210,000	25,434,647	4,261,848	510,887,799	7.32%	4,252.19
2015	203,605,000	400,965,000	33,414,816	4,260,793	633,724,023	8.13%	5,155.29
2016	250,925,000	451,030,000	47,765,420	4,314,370	745,406,050	8.81%	5,949.54
2017	245,945,000	516,905,000	49,644,634	4,666,797	807,827,837	8.81%	6,282.78
2018	238,995,000	528,250,000	46,011,204	4,773,267	808,482,937	7.76%	6,097.39
2019	254,190,000	498,450,000	43,987,604	4,627,301	792,000,303	7.00%	5,784.11
2020	272,060,000	496,195,000	50,850,724	4,515,678	814,590,046	6.46%	5,779.04
2021	304,180,000	552,400,000	57,917,029	3,416,922	911,080,107	6.80%	6,176.19
2022	335,990,000	625,000,000	63,275,504	735,796	1,023,529,708	7.12%	6,908.93
2023	369,905,000	707,915,000	70,873,311	-	1,148,693,311	6.93%	7,639.77

Source: Annual Comprehensive Financial Reports

(continued on the following page)

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1]See Table 5 for property value data.

[2]See Table 13 for population data.

[3]In 2010, the City began issuing Certificates of Obligation not only for general government purposes which are repaid by property taxes, but also for utility related projects of the City. The Certificates of Obligation issued for utility purposes are repaid from the specific utility fund as revenue supported for which the debt was issued.

CITY OF DENTON, TEXAS **Table 10**
RATIO OF GENERAL BONDED DEBT OUTSTANDING (concluded)
LAST TEN FISCAL YEARS

	Tax Supported General Bonded Debt Outstanding			
Fiscal Year	Less: Revenue Supported Debt[3]	Net Tax Supported Debt	Percentage of Actual Taxable Value of Property	Per Capita[2]
2014	391,670,429	119,217,370	1.71%	992.26
2015	495,335,935	138,388,088	1.77%	1,125.77
2016	596,043,467	149,362,583	1.76%	1,192.15
2017	633,947,795	173,880,042	1.90%	1,352.33
2018	591,892,545	216,590,392	2.08%	1,633.47
2019	564,810,261	227,190,042	2.01%	1,659.21
2020	552,598,308	261,991,738	2.08%	1,858.68
2021	583,851,289	327,228,818	2.44%	2,218.27
2022	644,969,664	378,560,044	2.63%	2,555.32
2023	727,380,831	421,312,480	2.54%	2,802.08
				(concluded)

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1]See Table 5 for property value data.

[2]See Table 13 for population data.

[3]In 2010, the City began issuing Certificates of Obligation not only for general government purposes which are repaid by property taxes, but also for utility related projects of the City. The Certificates of Obligation issued for utility purposes are repaid from the specific utility fund as revenue supported for which the debt was issued.

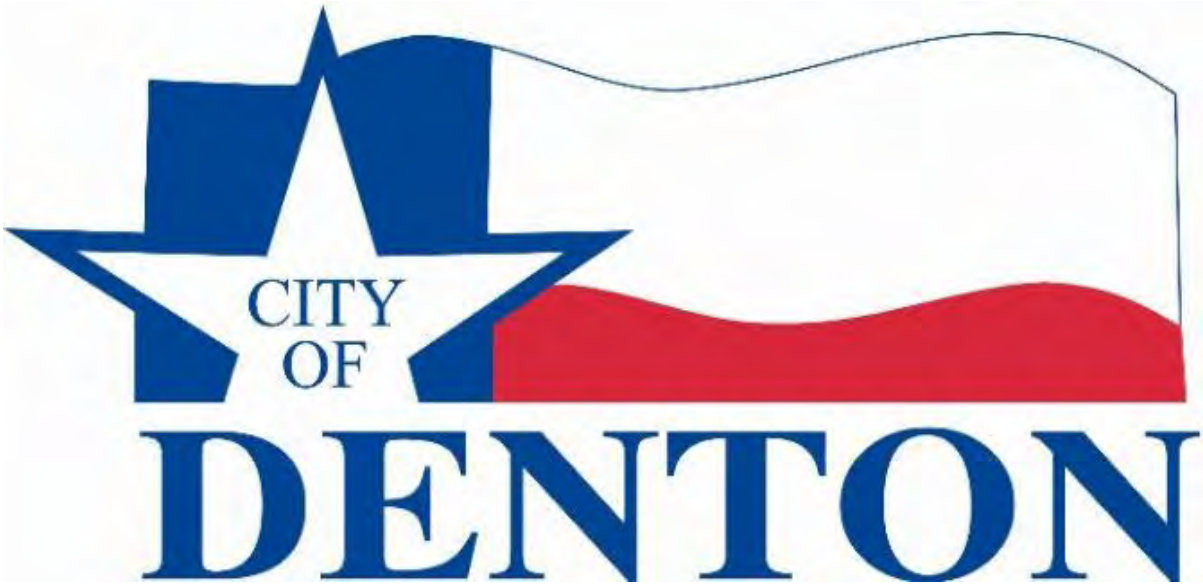
CITY OF DENTON, TEXAS **Table 11**
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2023

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable[1]	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Denton Independent School District	$ 2,186,765,283	58.75%	$ 1,284,724,604
Denton County	618,925,000	11.89%	73,590,183
Argyle Independent School District	409,038,398	7.03%	28,755,399
Aubrey Independent School District	275,073,128	0.12%	330,088
Krum Independent School District	50,940,189	5.75%	2,929,061
Lake Dallas Independent School District	174,284,851	0.15%	261,427
Pilot Point Independent School District	38,447,703	0.25%	96,119
Ponder Independent School District	69,785,811	3.77%	2,630,925
Sanger Independent School District	142,065,176	0.45%	639,293
Subtotal, overlapping debt			1,393,957,099
City of Denton, direct debt			421,312,480
Total direct and overlappping debt			$ 1,815,269,579
Ratio of direct and overlapping funded debt to the City's taxable assessed valuation			10.96%
Per capita overlapping funded debt			12,073

Source: Hilltop

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Denton. This process recognizes that, when considering the City of Denton's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

[1]The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the City of Denton's boundaries and dividing it by the overlapping government's total taxable assessed value.


CITY
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CITY OF DENTON, TEXAS **Table 12**
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

	Utility System[1] Revenue Bonds					
Fiscal Year	Operating Revenue	Investment Revenue	Less: Fair Market Value Adjustment to Investment Revenue[2]	Impact Fee Revenue	Less: Operating Expenses Before Depreciation	Add: Franchise Fees and Return on Investment Paid to General Fund[3]
2014	208,666,178	1,225,879	46,226	5,191,886	175,620,125	15,278,150
2015	229,583,483	1,512,820	156,230	6,476,021	175,131,645	16,356,904
2016	229,086,008	1,772,813	(132,432)	7,286,409	163,392,323	17,027,566
2017	239,310,663	3,150,469	(737,238)	7,409,026	182,455,762	18,215,432
2018	271,387,844	3,599,667	(707,351)	11,867,205	177,438,191	20,089,862
2019	311,420,814	7,852,695	2,174,835	11,945,407	236,743,123	20,527,742
2020	286,680,979	5,338,527	829,978	13,702,962	189,987,335	24,520,095
2021	412,377,440	187,087	(1,341,742)	25,932,237	324,977,625	26,874,761
2022	376,384,805	(657,831)	(3,694,366)	29,917,197	284,659,394	32,247,525
2023	413,929,415	15,594,049	1,415,261	28,375,018	367,025,471	32,044,452

(continued on the following page)

Source: Annual Comprehensive Financial Reports

[1]**The Utility System includes the Electric, Water, and Wastewater funds.**

[2]**For the coverage calculation, the fair market adjustment to the value of investments is excluded.**

[3]**For the coverage calculation, franchise fees and return on investment payments to the General Fund are excluded from operating expenses.**

[4]**Revenue bond covenants required a times coverage of 1.25 or greater through fiscal year 2016. Starting in fiscal year 2017, revenue bond convenants require a times coverage of 1.00 or greater.**

[5]**Total times coverage provided to assess total bond debt related to the Utility System.**

CITY OF DENTON, TEXAS **Table 12**
PLEDGED REVENUE COVERAGE (concluded)
LAST TEN FISCAL YEARS

	Utility System[1] Revenue Bonds							
		Revenue Bond Debt			Certificate of Obligation & General Obligation Bond Debt			
Fiscal Year	Net Available Revenue	Principal	Interest	Times Coverage[4]	Principal	Interest	Times Coverage	Total Times Coverage[5]
2014	54,695,742	11,570,000	4,902,319	3.32	11,860,000	10,306,245	2.47	1.42
2015	78,641,353	10,210,000	2,551,456	6.16	15,535,000	14,115,713	2.65	1.85
2016	91,912,905	10,210,000	2,551,456	7.20	18,800,000	18,258,583	2.48	1.84
2017	86,367,066	-	3,680,389	23.47	25,495,000	21,419,293	1.84	1.71
2018	130,213,738	-	10,685,000	12.19	31,035,000	22,962,237	2.41	2.01
2019	112,828,700	-	10,685,000	10.56	34,805,000	21,067,832	2.02	1.70
2020	139,425,250	7,580,000	10,495,500	7.71	36,710,000	19,938,154	2.46	1.87
2021	141,735,642	7,970,000	10,106,250	7.84	35,170,000	18,529,486	2.64	1.97
2022	156,926,668	8,375,000	12,195,668	7.63	35,105,000	19,372,176	2.88	2.09
2023	121,502,202	12,435,000	12,860,259	4.80	33,488,899	22,746,710	2.16	1.49

(concluded)

Source: Annual Comprehensive Financial Reports

[1]The Utility System includes the Electric, Water, and Wastewater funds.

[2]For the coverage calculation, the fair market adjustment to the value of investments is excluded.

[3]For the coverage calculation, franchise fees and return on investment payments to the General Fund are excluded from operating expenses.

[4]Revenue bond covenants required a times coverage of 1.25 or greater through fiscal year 2016. Starting in fiscal year 2017, revenue bond convenants require a times coverage of 1.00 or greater.

[5]Total times coverage provided to assess total bond debt related to the Utility System.

CITY OF DENTON, TEXAS **Table 13**
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Estimated Population[1]	Personal Income	Per Capita Income[2]	Median Age[2]	Grade School Enrollment[3]	University Enrollment[4]	Unemployment Rate[5]
2014	120,147	2,960,782,521	24,643	27.5	27,105	48,497	4.2%
2015	122,927	2,982,209,020	24,260	27.9	27,473	49,665	3.4%
2016	125,288	3,011,547,656	24,037	28.4	28,658	50,809	3.5%
2017	128,578	3,332,098,870	25,915	28.5	29,433	50,911	3.1%
2018	132,595	3,469,348,175	26,165	29.1	30,219	51,100	3.1%
2019	136,927	3,768,094,113	27,519	29.9	30,973	52,368	2.8%
2020	140,956	4,103,088,204	29,109	29.1	30,319	48,064	6.5%
2021	147,515	4,357,298,070	29,538	29.5	32,068	51,193	5.6%
2022	148,146	4,773,856,704	32,224	29.5	32,632	57,092	3.2%
2023	150,357	5,073,496,251	33,743	31.1	32,973	59,639	4.0%

Sources:

[1]**City of Denton Planning and Development Department estimate.**

[2]**United States Census and Denton Chamber of Commerce**

[3]**Denton Independent School District**

[4]**University of North Texas' and Texas Woman's University's Denton campus enrollment**

[5]**Texas Workforce Commission estimate**

CITY OF DENTON, TEXAS **Table 14**
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

2023			2014		
Name of Employer	Employees	Percentage of Total City Employment	Name of Employer	Employees	Percentage of Total City Employment
University of North Texas	8,891	13.73%	University of North Texas	8,887	14.12%
Denton Independent School District	4,331	6.69%	Denton Independent School District	3,300	5.24%
Peterbilt Motors-Headquarters & Plant	2,000	3.09%	Peterbilt Motors-Headquarters & Plant	2,100	3.34%
Denton County (in Denton)	1,822	2.81%	Texas Woman's University	1,787	2.84%
Denton State Supported Living Center	1,146	1.77%	Denton County (in Denton)	1,554	2.47%
City of Denton	1,104	1.71%	Denton State School	1,500	2.38%
Texas Presbyterian Hospital	1,100	1.70%	City of Denton	1,401	2.23%
Texas Womens Univerity	1,077	1.66%	Federal Emergency Management Agency	1,100	1.75%
Sally Beauty	1,000	1.54%	Presbyterian Hospital of Denton	1,074	1.71%
Medical City Denton	799	1.23%	Denton Regional Medical Center	911	1.45%
Total	23,270	35.93%	Total	23,614	37.53%

Source: Office of Economic Development & Denton Chamber of Commerce

CITY OF DENTON, TEXAS **Table 15**
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees for Fiscal Year				
Function / Program	**2014**	**2015**	**2016**	**2017**	**2018**
General government	210.25	218.75	229.75	224.75	224.25
Public safety					
Police	225.23	228.23	230.23	249.73	253.73
Fire	167.75	168.25	177.25	184.25	191.25
Animal services	11.00	13.00	13.00	14.00	14.00
Municipal Court/Judge	19.50	19.00	19.00	18.00	17.00
Public Safety Communication	-	-	-	-	-
Public works	46.00	49.50	54.50	61.00	60.00
Parks and recreation	145.81	145.81	148.48	157.73	157.73
Electric system	164.00	174.00	188.00	191.00	199.00
Water system	133.50	140.50	144.50	151.50	149.00
Wastewater system	100.75	108.75	111.25	111.25	110.00
Solid waste	117.00	120.00	124.50	132.50	132.50
Airport	6.50	7.50	7.50	6.50	6.00
Materials management	15.00	15.00	16.00	17.00	18.00
Fleet services	22.00	22.00	24.00	24.00	23.00
Technology services	31.00	36.00	36.00	43.00	44.00
Engineering	31.00	34.00	34.00	35.00	36.00
Risk Retention	6.00	8.00	8.00	9.00	9.00
Customer Service	-	-	-	-	-
Environmental Services					
Facilities Management	-	-	-	-	-
Total	1,452.29	1,508.29	1,565.96	1,630.21	1,644.46

(continued on the following page)

Source: City of Denton Budget Office

[1]Public Safety Communication moved out of Police in fiscal year 2019 into its own

CITY OF DENTON, TEXAS **Table 15**
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM (concluded)
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees for Fiscal Year				
Function / Program	**2019**	**2020**	**2021**	**2022**	**2023**
General government	226.50	216.25	264.12	295.54	256.68
Public safety					
Police	239.73	258.23	265.73	274.23	289.23
Fire	194.25	197.25	199.25	208.25	223.25
Animal services	16.50	20.00	20.00	22.00	22.00
Judge[2]	15.50	15.75	12.75	2.75	2.75
Public Safety Communication[1]	30.00	33.50	41.50	40.50	42.50
Public works	55.00	56.00	55.00	51.00	53.00
Parks and recreation	163.93	164.63	115.92	121.68	122.68
Electric system	187.00	189.00	173.00	173.00	185.00
Water system	105.50	107.50	104.50	112.50	119.50
Wastewater system	113.50	125.00	108.50	107.50	106.50
Solid waste	122.50	128.00	126.00	128.00	135.00
Airport	6.00	6.00	5.00	6.00	7.50
Materials management	23.00	26.50	23.50	24.00	24.00
Fleet services	26.00	26.00	26.00	27.00	31.00
Technology services	56.75	61.75	57.00	61.00	65.00
Engineering	52.00	51.00	45.00	45.00	52.00
Risk Retention	10.00	10.00	8.00	8.00	12.00
Customer Service	42.50	45.00	43.00	52.00	56.50
Environmental Services	-	-	-	-	32.50
Facilities Management	-	20.50	17.00	16.00	16.00
Total	1,686.16	1,757.86	1,710.77	1,775.95	1,854.59

(concluded)

Source: City of Denton Budget Office

[1]**Public Safety Communication moved out of Police in fiscal year 2019 into its own department.**

[2]**Muncipal Court moved into Finance in 2021.**

CITY OF DENTON, TEXAS **Table 16**
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year				
Function / Program	**2014**	**2015**	**2016**	**2017**	**2018**
Public Safety					
Police					
Calls for service	83,704	84,434	86,399	87,122	81,672
Traffic citations issued	27,160	22,022	20,207	22,323	20,251
Fire					
Fire calls for service	4,183	3,933	4,511	4,651	4,978
EMS calls for service	7,977	8,079	8,943	9,687	9,876
Inspections (Businesses)	4,830	4,066	4,361	3,988	4,142
Animal Services					
Animals sheltered	5,072	4,876	5,032	4,944	4,924
Animals adopted, transferred, or returned	3,895	3,870	4,468	4,203	4,236
Public Works					
Street repaving (lane miles)	25.59	18.21	25.69	28.36	32.01
Pot holes repaired	8,996	11,872	15,254	16,972	6,228
Cutouts base failures (square feet)	72,098	99,085	152,002	95,601	328,022
Crack seal maintenance (linear feet)	77,451	59,115	37,828	119,611	438,240
Parks and Recreation					
Attendance					
Leisure Services	1,060,988	967,132	1,007,102	1,082,246	1,166,987
Water Park	209,406	218,232	224,893	232,527	210,171
Total Acres Maintained	2,425	2,469	2,511	2,206	2,245
Water					
Number of customers	32,405	33,465	34,198	34,714	35,945
Annual finished water production (in thousand gallons)	6,155,724	6,355,608	6,301,333	6,368,582	7,141,131
Wastewater					
Number of customers	30,562	31,243	32,077	32,618	33,987
Annual wastewater discharge (in thousand gallons)	4,926,080	5,834,100	6,111,680	5,175,571	4,548,900
Solid Waste					
Monthly average number of customers (residential and commercial)	36,593	37,540	39,806	41,219	42,499
MSW Landfilled (tons)	203,928	227,859	251,305	268,000	276,537
Recycling collections (tons)	87,655	81,558	113,743	117,155	105,493

(continued on the following page)

Source: Various city departments

CITY OF DENTON, TEXAS **Table 16**
OPERATING INDICATORS BY FUNCTION/PROGRAM (concluded)
LAST TEN FISCAL YEARS

	Fiscal Year				
Function / Program	**2019**	**2020**	**2021**	**2022**	**2023**
Public Safety					
Police					
Calls for service	87,847	90,583	115,209	129,202	128,987
Traffic citations issued	22,747	10,896 [2]	7,067	9,441	11,014
Fire					
Fire calls for service	3,502	4,421	5,079	7,307	8,457
EMS calls for service	9,130	12,091	15,001	13,127	13,566
Inspections (Businesses)	3,537	2,982	2,889	3,305	5,277
Animal Services					
Animals sheltered	5,027	4,059	4,431	4,605	4,605
Animals adopted, transferred, or returned	4,065	3,671	3,842	3,056	3,056
Public Works					
Street repaving (lane miles)	16.89	11.66	12.91	9.42	4.26
Pot holes repaired	6,658	4,837	6,803	3,404	3,447
Cutouts base failures (square feet)	72,819	160,661 [1]	202,879	75,745	44,030
Crack seal maintenance (linear feet)	47,908	- [1]	134,573	64,680	79,200
Parks and Recreation					
Attendance					
Leisure Services	1,000,918	421,364 [2]	213,843	721,552	767,427
Water Park	218,326	- [2]	71,749	74,245	77,759
Total Acres Maintained	1,990	2,081	5,810	6,826	7,219
Water					
Number of customers	36,876	38,082	39,118	39,494	42,038
Annual finished water production (in thousand gallons)	6,706,951	7,178,384	6,887,601	8,140,324	8,740,615
Wastewater					
Number of customers	34,873	35,922	36,589	36,562	39,103
Annual wastewater discharge (in thousand gallons)	5,335,150	5,237,560	5,261,440	4,821,020	5,203,010
Solid Waste					
Monthly average number of customers (residential and commercial)	43,256	44,736	46,103	50,683	43,584
MSW Landfilled (tons)	310,487	401,563	437,100	458,395	345,462
Recycling collections (tons)	48,025	35,680	38,827	37,208	38,352

(concluded)

Source: Various city departments

[1]The City did less route and seal of the concrete pavement and more clean and seal of asphalt pavement during the year. The drop in # of cutouts and crack seal maintenance was due to resources beign allocated to other projects and programs.

[2]These numbers were impacted from the COVID19 pandemic. The Water Park did not open during this year.

CITY OF DENTON, TEXAS **Table 17**
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year				
Function / Program	**2014**	**2015**	**2016**	**2017**	**2018**
Public safety					
Police					
Police stations	1	1	1	1	1
Police patrol units	138	137	141	147	155
Fire					
Fire stations	7	7	7	7	7
Emergency vehicles	31	32	36	36	37
Animal services					
Animals shelters	1	1	1	1	1
Public works					
Lane miles added per year	12.20	5.83	8.11	22.45	22.64
Streetlights	7,067	7,164	7,233	7,414	7,771
Parks and recreation					
Parks	34	34	34	34	34
Parks and open spaces acreage	1,783	1,783	2,284	2,284	2,245
Recreation centers	12	12	12	12	12
Water					
Water mains (miles)	592	604	618	626	631
Raw water (in thousand gallons)	6,195,624	6,493,457	6,182,450	6,232,032	6,946,073
Wastewater					
Wastewater mains (miles)	513	516	521	526	533
Maximum daily capacity (in million gallons)	25	25	25	25	25
Solid waste					
Landfills	1	1	1	1	1

(continued on the following page)

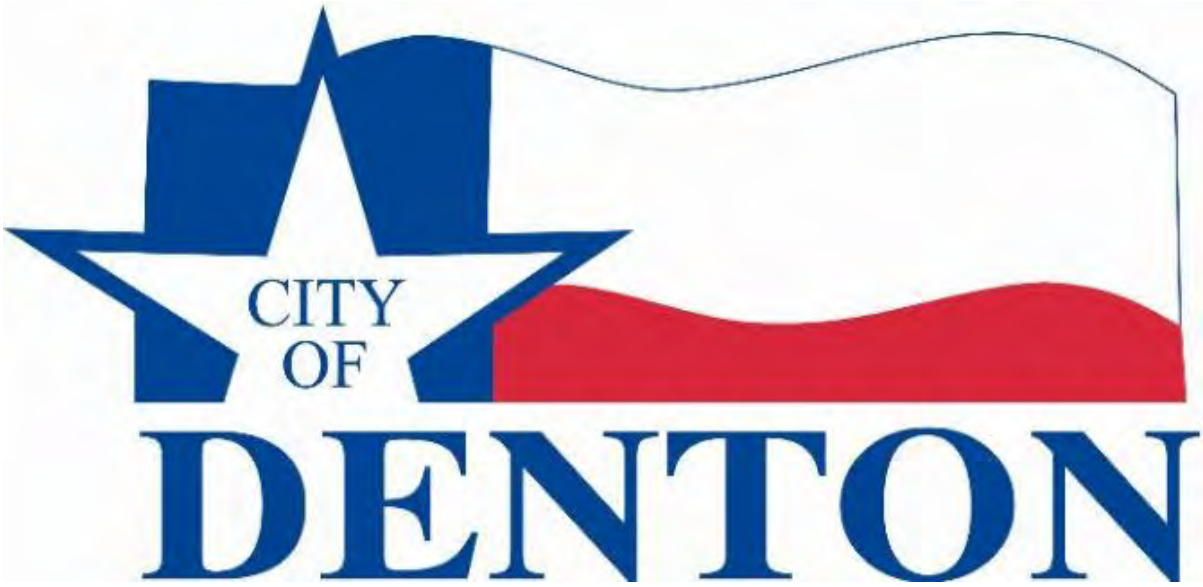
Source: Various city departments

CITY OF DENTON, TEXAS **Table 17**
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM (concluded)
LAST TEN FISCAL YEARS

	Fiscal Year				
Function / Program	**2019**	**2020**	**2021**	**2022**	**2023**
Public safety					
Police					
Police stations	**1**	**1**	**1**	**1**	**1**
Police patrol units	**168**	**169**	**181**	**250**	**284**
Fire					
Fire stations	**7**	**7**	**8**	**8**	**8**
Emergency vehicles	**37**	**34**	**42**	**105**	**119**
Animal services					
Animals shelters	**1**	**1**	**1**	**1**	**1**
Public works					
Lane miles added per year	**85.60**	**23.49**	**42.65**	**39.24**	**8.99**
Streetlights	**7,889**	**8,199**	**9,051**	**8,036**	**8,036**
Parks and recreation					
Parks	**34**	**38**	**38**	**38**	**41**
Parks and open spaces acreage	**4,033**	**3,906**	**5,025**	**5,895**	**5613**
Recreation centers	**12**	**12**	**12**	**12**	**12**
Water					
Water mains (miles)	**631**	**642**	**676**	**665**	**699**
Raw water (in thousand gallons)	**6,473,664**	**6,760,814**	**6,790,254**	**7,988,110**	**8,726,000**
Wastewater					
Wastewater mains (miles)	**533**	**528**	**544**	**568**	**561**
Maximum daily capacity (in million gallons)	**25**	**25**	**25**	**25**	**21**
Solid waste					
Landfills	**1**	**1**	**1**	**1**	**1**

(concluded)

Source: Various city departments


CITY
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CITY OF DENTON, TEXAS **Exhibit XXIX**
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personnel Services	$ 2,409,622	$ 2,409,622	$ 2,615,034	$ (205,412)
Materials and Supplies	16,568	16,568	15,539	1,029
Maintenance and Repairs	-	-	-	-
Insurance	38,177	27,121	23,008	4,113
Miscellaneous	203,675	203,675	295,805	(92,130)
Operations, Services	159,106	184,319	209,230	(24,911)
Transfers - Interfund	140,146	140,146	138,082	2,064
Capital Outlay	-	-	-	-
City Manager's Office	2,967,294	2,981,451	3,296,698	(315,247)
Personnel Services	395,304	395,304	400,626	(5,322)
Materials and Supplies	600	600	1,266	(666)
Maintenance and Repairs	-	-	-	-
Insurance	10,023	10,023	9,006	1,017
Miscellaneous	1,000	1,000	1,560	(560)
Operations, Services	57,001	57,001	37,179	19,822
Transfers - Interfund	26,860	26,860	26,464	396
Fixed Assets	-	-	-	-
Cable Television	490,788	490,788	476,101	14,687
Personnel Services	393,900	393,900	452,751	(58,851)
Materials and Supplies	500	500	415	85
Maintenance and Repairs	-	-	-	-
Insurance	7,064	7,064	6,347	717
Miscellaneous	-	-	-	-
Operations, Services	148,520	148,520	127,780	20,740
Transfers - Interfund	34,353	34,353	33,847	506
Fixed Assets	-	-	-	-
Internal Audit	584,337	584,337	621,140	(36,803)
Personnel Services	1,015,819	1,015,819	1,040,313	(24,494)
Materials and Supplies	359,600	310,158	129,064	181,094
Maintenance and Repairs	-	-	-	-
Insurance	22,173	22,173	19,925	2,248
Miscellaneous	-	-	-	-
Operations, Services	476,584	500,884	326,946	173,938
Transfers - Interfund	104,042	129,184	127,722	1,462
Fixed Assets	-	-	-	-
Public Communications	1,978,218	1,978,218	1,643,970	334,248
Personnel Services	2,617,861	2,647,861	2,327,502	320,359
Materials and Supplies	29,900	27,325	24,163	3,162
Maintenance and Repairs	500	500	115	385
Insurance	35,545	35,545	31,941	3,604
Miscellaneous	52,500	52,500	68,646	(16,146)
Operations, Services	618,826	618,826	629,477	(10,651)
Transfers - Interfund	359,188	361,763	363,899	(2,136)
Fixed Assets	2,500	2,500	-	2,500
Human Resources	3,716,820	3,746,820	3,445,743	301,077
Personnel Services	2,835,752	2,835,752	2,651,783	183,969
Materials and Supplies	67,783	62,783	70,837	(8,054)
Maintenance and Repairs	-	-	-	-
Insurance	33,221	33,221	29,852	3,369
Miscellaneous	-	-	-	-
Operations, Services	199,655	199,655	64,325	135,330
Transfers - Interfund	115,455	120,455	118,755	1,700
Fixed Assets	-	-	-	-
Legal Administration	$ 3,251,866	$ 3,251,866	$ 2,935,552	$ 316,314

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XXIX**
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personnel Services	$ 524,839	$ 524,839	$ 538,806	$ (13,967)
Materials and Supplies	18,176	(13,350)	2,477	(15,827)
Maintenance and Repairs		-	-	-
Insurance	24,205	24,205	21,750	2,455
Miscellaneous		-	-	-
Operations, Services	15,685	15,685	11,130	4,555
Transfers - Interfund	73,725	105,251	88,402	16,849
Fixed Assets	-	-	-	-
Municipal Judge	656,630	656,630	662,565	(5,935)
Personnel Services	2,498,088	2,684,088	2,268,200	415,888
Materials and Supplies	25,228	25,228	42,341	(17,113)
Maintenance and Repairs	-	-	5,199	(5,199)
Insurance	34,958	34,958	31,413	3,545
Miscellaneous	43,181	43,181	502	42,679
Operations, Services	193,206	193,206	149,043	44,163
Transfers - Interfund	108,113	108,113	106,521	1,592
Fixed Assets	5,000	5,000	-	5,000
Planning	2,907,774	3,093,774	2,603,219	490,555
Personnel Services	3,540,062	3,540,062	3,294,425	245,637
Materials and Supplies	51,162	51,162	30,707	20,455
Maintenance and Repairs	-	-	3,248	(3,248)
Insurance	64,222	64,222	57,711	6,511
Miscellaneous	-	-	-	-
Operations, Services	131,114	131,114	183,213	(52,099)
Transfers - Interfund	123,325	155,325	153,509	1,816
Fixed Assets	39,500	7,500	-	7,500
Building Inspections	3,949,385	3,949,385	3,722,813	226,572
Personnel Services	99,216	99,216	88,235	10,981
Materials and Supplies	2,325	1,335	1,944	(609)
Maintenance and Repairs	-	-	-	-
Insurance	1,844	1,844	-	1,844
Miscellaneous	-	-	-	-
Operations, Services	256,793	257,783	150,897	106,886
Transfers - Interfund	20,040	20,040	19,745	295
Fixed Assets	-	-	-	-
Gas Well Review	380,218	380,218	260,821	119,397
Personnel Services	-	-	-	-
Materials and Supplies	-	-	-	-
Maintenance and Repairs	-	-	-	-
Insurance	-	-	-	-
Miscellaneous	-	-	-	-
Operations, Services	-	-	3,564	(3,564)
Transfers - Interfund	-	-	-	-
Fixed Assets	-	-	-	-
Community Improvement	$ -	$ -	$ 3,564	$ (3,564)

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XXIX**
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personnel Services	$ 1,112,004	$ 1,112,004	$ 1,015,602	$ 96,402
Materials and Supplies	43,000	43,000	24,326	18,674
Maintenance and Repairs	-	-	-	-
Insurance	28,355	28,355	25,480	2,875
Miscellaneous	800	800	551	249
Operations, Services	43,850	43,850	21,621	22,229
Transfers - Interfund	190,243	190,243	187,442	2,801
Fixed Assets	-	-	-	-
Municipal Court	1,418,252	1,418,252	1,275,022	143,230
Personnel Services	3,687,966	3,687,966	3,481,216	206,750
Materials and Supplies	60,675	55,775	48,134	7,641
Maintenance and Repairs	1,800	1,800	-	1,800
Insurance	61,217	61,217	55,009	6,208
Miscellaneous	3,010	3,010	1,596	1,414
Operations, Services	223,268	228,168	80,772	147,396
Transfers - Interfund	861,918	861,918	849,226	12,692
Fixed Assets	-	-	-	-
Finance	4,899,854	4,899,854	4,515,953	383,901
Personnel Services	603,593	603,593	584,472	19,121
Materials and Supplies	31,092	31,092	4,707	26,385
Maintenance and Repairs	600	600	-	600
Insurance	10,751	10,751	9,661	1,090
Miscellaneous	42,900	42,900	49,534	(6,634)
Operations, Services	4,425,004	4,425,004	4,035,223	389,781
Transfers - Interfund	50,636	50,636	49,890	746
Fixed Assets	-	-	-	-
Economic Development	5,164,576	5,164,576	4,733,487	431,089
Personnel Services	8,733,491	8,733,492	8,223,660	509,832
Materials and Supplies	1,060,199	1,057,338	1,008,319	49,019
Maintenance and Repairs	908,469	843,469	867,896	(24,427)
Insurance	357,782	357,782	321,509	36,273
Miscellaneous	12,540	12,540	5,063	7,477
Operations, Services	4,698,149	4,613,098	4,753,401	(140,303)
Transfers - Interfund	910,939	1,063,851	1,068,255	(4,404)
Capital Outlay	-	-	-	-
Parks & Recreation	16,681,569	16,681,570	16,248,103	433,467
Personnel Services	1,236,351	1,236,351	1,330,590	(94,239)
Materials and Supplies	-	-	1,489	(1,489)
Maintenance and Repairs	-	-	-	-
Insurance	18,211	18,211	16,364	1,847
Miscellaneous	1,290	1,290	35	1,255
Operations, Services	120,000	120,000	136,434	(16,434)
Transfers - Interfund	58,560	58,560	57,698	862
Fixed Assets	2,500	2,500	-	2,500
Development Review	1,436,912	1,436,912	1,542,610	(105,698)
Personnel Services	4,334,848	4,334,848	4,432,127	(97,279)
Materials and Supplies	146,370	140,270	132,461	7,809
Maintenance and Repairs	58,866	58,866	59,238	(372)
Insurance	138,854	138,854	124,775	14,079
Miscellaneous	-	-	-	-
Operations, Services	594,636	611,736	569,635	42,101
Transfers - Interfund	457,706	457,706	438,262	19,444
Capital Outlay	-	-	-	-
Fixed Assets	487,067	476,067	475,410	657
Library	$ 6,218,347	$ 6,218,347	$ 6,231,908	$ (13,561)

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XXIX**
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

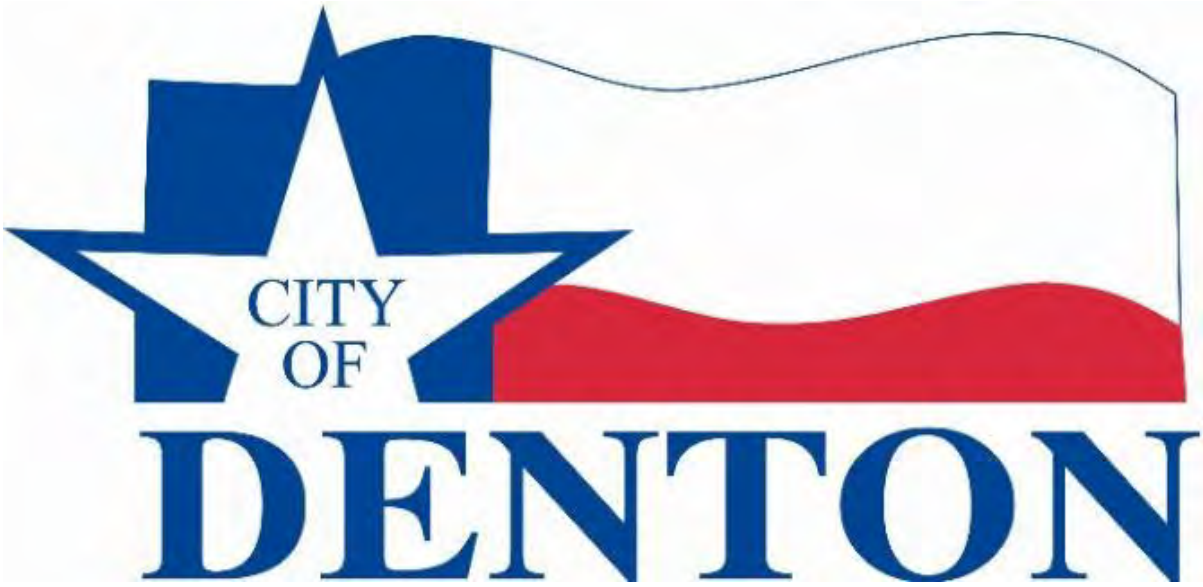
	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personnel Services	$ 1,032,171	$ 1,032,171	$ 1,001,742	$ 30,429
Materials and Supplies	27,275	27,275	14,967	12,308
Maintenance and Repairs	963,275	963,275	917,822	45,453
Insurance	30,693	30,693	27,581	3,112
Miscellaneous	2,400	2,400	75	2,325
Operations, Services	143,698	143,698	151,107	(7,409)
Transfers - Interfund	611,262	611,262	605,206	6,056
Traffic Operations	2,810,774	2,810,774	2,718,500	92,274
Operations, Services	900,000	900,000	936,041	(36,041)
Street Lighting	900,000	900,000	936,041	(36,041)
Personnel Services	40,761,826	41,598,042	43,395,070	(1,797,028)
Materials and Supplies	851,689	770,275	783,182	(12,907)
Maintenance and Repairs	11,150	9,950	5,722	4,228
Insurance	1,382,659	1,382,659	1,242,490	140,169
Miscellaneous	233,475	241,475	213,637	27,838
Operations, Services	1,472,981	1,662,934	2,092,165	(429,231)
Transfers - Interfund	4,128,320	4,128,320	4,102,627	25,693
Police	48,842,100	49,793,655	51,834,893	(2,041,238)
Personnel Services	1,719,376	1,719,376	1,751,682	(32,306)
Materials and Supplies	117,750	117,750	180,751	(63,001)
Maintenance and Repairs	10,000	10,000	19,465	(9,465)
Insurance	70,279	70,279	63,154	7,125
Miscellaneous	1,500	1,500	491	1,009
Operations, Services	707,114	707,114	760,611	(53,497)
Transfers - Interfund	172,980	172,980	170,433	2,547
Animal Services	2,798,999	2,798,999	2,946,587	(147,588)
Personnel Services	33,669,888	33,669,888	33,985,870	(315,982)
Materials and Supplies	996,499	978,708	981,958	(3,250)
Maintenance and Repairs	148,162	141,560	133,858	7,702
Insurance	850,732	850,732	764,489	86,243
Miscellaneous	94,330	94,330	66,806	27,524
Operations, Services	2,219,761	2,217,261	2,642,982	(425,721)
Transfers - Interfund	1,331,353	1,364,627	1,358,422	6,205
Fixed Assets	34,000	27,619	-	27,619
Fire	$ 39,344,725	$ 39,344,725	$ 39,934,385	$ (589,660)

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XXIX**
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (concluded)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personnel Services	$ 1,456,244	$ 1,456,244	$ 1,516,716	$ (60,472)
Materials and Supplies	34,270	34,270	16,143	18,127
Maintenance and Repairs	-	-	-	-
Insurance	32,748	32,748	29,428	3,320
Miscellaneous	1,494,450	1,494,450	1,062,893	431,557
Operations, Services	189,122	189,122	144,149	44,973
Transfers - Interfund	114,354	114,354	112,670	1,684
Fixed Assets	-	-	-	-
Agency Contributions	3,321,188	3,321,188	2,881,999	439,189
Personnel Services	(950,000)	(950,000)	17,725	(967,725)
Materials and Supplies	40,000	15,000	4,492	10,508
Maintenance and Repairs	-	-	-	-
Insurance	-	11,056	11,298	(242)
Miscellaneous	500,148	475,148	317,927	157,221
Operations, Services	2,884,606	2,768,038	1,965,958	802,080
Transfers - Interfund	11,665,758	11,747,113	16,591,281	(4,844,168)
Fixed Assets	18,000	18,000	-	18,000
Administrative Cost	13,973,708	13,973,708	-	13,973,708
Miscellaneous/Finance	28,132,220	28,058,063	18,908,681	9,149,382
Personnel Services	113,728,222	114,780,438	116,414,147	(1,633,709)
Materials and Supplies	3,980,661	3,753,062	3,519,682	233,380
Maintenance and Repairs	2,102,822	2,030,020	2,012,563	17,457
Insurance	3,253,713	3,253,713	2,922,191	331,522
Miscellaneous	2,687,199	2,670,199	2,085,121	585,078
Operations, Services	20,878,679	20,937,016	20,182,883	754,133
Transfers - Interfund	21,659,276	22,023,060	26,768,358	(4,745,298)
Capital Outlay	588,567	539,186	475,410	63,776
Administrative Cost	13,973,708	13,973,708	-	13,973,708
TOTAL GENERAL FUND	$ 182,852,847	$ 183,960,402	$ 174,380,355	$ 9,580,047

(concluded)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City of Denton, Texas

Federal and State Single Audit Reports
Year Ended September 30, 2023

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C O N T E N T S

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Mayor and City Council of the
City of Denton, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Denton, Texas, (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 12, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented. or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Honorable Mayor and City Council of the
City of Denton, Texas

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 12, 2024

Independent Auditor's Report on Compliance for Each Major Federal and State Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State of Texas Grant Management Standards

The Honorable Mayor and City Council of the
City of Denton, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited City of Denton, Texas (the City)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal and state programs for the year ended September 30, 2023. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal and State Programs

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State of Texas Grant Management Standards (TxGMS). Our responsibilities under those standards, the Uniform Guidance, and TxGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and TxGMS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and TxGMS, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Honorable Mayor and City Council of
City of Denton, Texas

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and TxGMS. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and TxGMS

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 12, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and TxGMS and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 12, 2024

City of Denton, Texas

Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2023

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	GRANT I.D.NUMBER	FEDERAL ASSISTANCE LISTING NUMBER	EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
FEDERAL AWARDS				
U.S. Department of Housing and Urban Development				
Community Development Block Grant	B-16-MC-48-0036	14.218	$ 6,433	$ -
Community Development Block Grant	B-17-MC-48-0036	14.218	24,735	-
Community Development Block Grant	B-18-MC-48-0036	14.218	55,810	-
Community Development Block Grant	B-20-MC-48-0036	14.218	74,633	-
Community Development Block Grant	B-21-MC-48-0036	14.218	415,994	205,148
Community Development Block Grant	B-22-MC-48-0036	14.218	787,934	229,767
COVID-19 - Community Development Block Grant CARES	B-20-MW-48-0036	14.218	325,587	325,587
Subtotal - CDBG - Entitlement Grants Cluster			1,691,126	760,502
Home Investment Partnerships Program	M-15-MC-48-0223	14.239	3,290	-
Home Investment Partnerships Program	M-18-MC-48-0223	14.239	7	-
Home Investment Partnerships Program	M-19-MC-48-0223	14.239	43,095	28,368
Home Investment Partnerships Program	M-20-MC-48-0223	14.239	65,519	16,280
Home Investment Partnerships Program	M-21-MC-48-0223	14.239	249,691	100,000
Home Investment Partnerships Program	M-22-MC-48-0223	14.239	242,982	199,890
COVID 19- Home Investment Partnerships Program	M-21-MP-48-0223	14.239	45,270	41,170
Subtotal - Assistance Listing # 14.239			649,854	385,708
Total U.S. Department of Housing and Urban Development			2,340,980	1,146,210
U.S. Department of Justice				
Direct Awards:				
U.S. Marshals Violent Offenders Task Force	VOTF	16.000	77,286	-
North Texas Organized Crime Task Force	NTOCTF	16.000	6,098	-
Subtotal - Assistance Listing # 16.000			83,384	-
National Sexual Assault Kit Initiative	2019-AK-BX-0026	16.833	293,756	-
Equitable Sharing Program	TX0610200	16.922	46,000	-
Total Direct Awards			423,140	-
Passed through Denton County Friend of the Family				
Improving Criminal Justice Responses	15JOVW-21-GG-02041-ICJR	16.590	35,254	-
Total U.S. Department of Justice			458,394	-
Federal Aviation Administration				
Passed through Texas Department of Transportation Aviation Division:				
COVID 19- ARPA Airport Rescue Grant Program	22CVDENTN	20.106	148,000	-
Total Federal Aviation Administration			148,000	-
U.S. Department of Transportation				
Passed through Texas Department of Transportation:				
Green Ribbon Landscaping Improvements Program	2681-01-026	20.205	38,024	-
Bonnie Brae From Windsor Drive to US 77	0918-46-319	20.205	923,620	-
Subtotal - Assistance Listing # 20.205			961,644	-
National Priority Safety Programs	2023-DentonPD-G-1YG-0010	20.616	54,201	-
Subtotal - Highway Safety Cluster			54,201	-
Total U.S. Department of Transportation			1,015,845	-
U.S. Department of Treasury				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	N/A	21.027	5,310,047	799,759
Total U.S. Department of Treasury			5,310,047	799,759
Institute of Museum and Library Services				
Passed through Texas State Library and Archives Commission (TSLAC):				
Interlibrary Loan Program	LS-252486-OLS-22	45.310	10,550	-
Texas Reads 2023	LS-252486-OLS-22	45.310	7,252	-
Total Institute of Museum and Library Services			17,802	-

City of Denton, Texas

Schedule of Expenditures of Federal and State Awards – Continued
For the Year Ended September 30, 2023

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	GRANT I.D.NUMBER	FEDERAL ASSISTANCE LISTING NUMBER	EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
National Endowment for the Humanities				
Passed through Humanities Texas:				
Mini Grant-Eco-poetry	2022-6778	45.129	1,500	-
Mini Grant-Rural Texas Women at Work	2023-6799	45.129	600	-
Total National Endowment for the Humanities			2,100	-
U.S. Department of Homeland Security				
Direct Awards:				
U.S. Immigration & Customs Enforcement Homeland Security Investigations	N/A	97.000	3,709	-
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	EMW-2019-FF-00862	97.083	344,706	-
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	EMW-2020-FF-00715	97.083	341,314	-
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	EMW-2021-FF-01282	97.083	203,526	-
Subtotal - Assistance Listing # 97.083			889,546	-
Total Direct Awards			893,255	-
Passed through Texas A&M Engineering Extension Office:				
National Urban Search & Rescue Response System	47-100-769	97.025	112,242	-
Passed through Texas Division of Emergency Management (TDEM):				
Disaster Grants - Public Assistance - Winter Storm	N/A	97.036	1,753	-
Disaster Grants - Public Assistance - Wildfire Season 2023	N/A	97.036	223,250	-
Total Passed Through Texas Division of Emergency Management (TDEM)			225,003	-
Passed through Office of the Governor - Homeland Security Grants Division:				
UASI Specialized Regional Response Teams Sustainment	EMW-2021-SS-00062	97.067	30,109	-
SHSP-HAZMAT Dry DECON Kit	EMW-2022-SS-00021	97.067	13,291	-
Total Passed Through Office of the Governor - Homeland Security Grants Division			43,400	-
Total U.S. Department of Homeland Security			1,273,900	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 10,567,068	$ 1,945,969

City of Denton, Texas

Schedule of Expenditures of Federal and State Awards – Continued
For the Year Ended September 30, 2023

STATE GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	GRANT I.D. NUMBER	EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
STATE AWARDS			
Office of the Texas Attorney General			
Chapter 59 Asset Forfeiture Award	N/A	$ 39,000	$ -
Total Office of the Texas Attorney General		39,000	-
Texas Department of Transportation			
Airport Maintenance Grant	M2318DNTO	50,000	-
RTR-Mayhill Road - From IH35 East to US 380	0918-46-246	2,669,149	-
RTR-Bonnie Brae Road - From IH35 East to US 377	0918-46-245	187,250	-
RTR-McKinney Street (Formerly FM 426)	0918-46-298	538,724	-
RTR-N TX Blvd Roundabout	0918-46-281	871,403	-
RTR-Mayhill Road South of Spencer Road to IH35 East	0918-46-325	3,261,169	
RTR-Hickory Creek FM 1830 to Riverpass Drive	0918-46-332	6,431,582	-
Total Regional Toll Revenue (RTR) Transportation Projects		13,959,277	-
Total Texas Department of Transportation		14,009,277	-
Texas A&M Engineering Extension Service			
Urban Search & Rescue Response System	47-100-769	225,387	-
Total Texas A&M Engineering Extension Service		225,387	-
Texas Commission on Environmental Quality			
Passed through North Central Texas Council of Governments:			
Solid Waste Implementation Grant	21-04-06	56,317	-
Total Texas Commission on Environmental Quality		56,317	-
Texas Office of the Governor - Homeland Security Grants Division			
SH-Bullet-Resistant Shield Grant	2023-SH-ST-0000	26,550	-
Total Texas Office of the Governor		26,550	-
Texas Commission on the Arts			
2022 Utility Box Project		1,669	-
Total Texas Commission on the Arts		1,669	-
Texas Comptroller of Public Accounts			
Fire-Law Enforcement Officer Standards & Education	N/A	25	-
Police-Law Enforcement Officer Standards & Education	N/A	14,216	-
Total Texas Comptroller of Public Accounts		14,241	-
TOTAL EXPENDITURES OF STATE AWARDS		$ 14,372,441	$ -
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS		$ 24,939,509	$ 1,945,969

City of Denton, Texas

Notes to Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2023

Note 1. General

The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all applicable federal and state awards of City of Denton, Texas (the City). The City's reporting entity is defined in Note 1 to the City's basic financial statements. Federal and state awards received directly from federal and state agencies as well as federal awards passed through other government agencies are included on the schedule of expenditures of federal and state awards (the schedule). The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas Grant Management Standards (TxGMS). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. Basis of Accounting

The accompanying schedule is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 to the City's basic financial statements.

Note 3. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedule may not agree with amounts reported in the related federal and state financial reports with grantor agencies because of accruals which would be included in the next report filed with the agencies.

Note 4. Indirect Costs

The City has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

City of Denton, Texas

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2023

Section I - Summary of Auditor's Results

Basic Financial Statements:

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes __X__ No
- Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)? ____ Yes __X__ None reported

Noncompliance which is material to the basic financial statements noted? _____Yes __X__ No

Federal and State Awards:

Internal control over major programs:

- Material weakness(es) identified? _____ Yes __X__ No
- Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)? _____ Yes __X__ None reported

An unmodified opinion was issued on compliance for each major program.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or State of Texas Grant Management Standards? _____ Yes __X__ No

Identification of major programs:

Assistance Listing Number/Grant Identification Number	Name of Federal or State Program
Major Federal Programs:	
21.027	Coronavirus State & Local Fiscal Recovery Funds Program – ARPA
97.083	Staffing for Adequate Fire and Emergency Response (SAFER)
Major State Program:	Regional Toll Revenue (RTR) Transportation Projects
Dollar threshold used to distinguish Between type A and type B programs:	$750,000 for federal and state programs

Auditee qualified as low-risk for federal single audit? _____ Yes __X__ No

City of Denton, Texas

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2023

Section II - Financial Statement Findings

None

Section III - Federal and State Awards Findings and Questioned Costs

None

Section IV – Schedule of Prior Year Findings and Questioned Costs

2022-001 Closing Procedures and Restatement

Type of finding: Material weakness in internal controls over financial reporting

Condition: The City's accounting policies and procedures did not fully address closing procedures as it related to reconciling unearned revenue and recognizing revenue at year end for an advanced funding agreement.

Status: Corrected